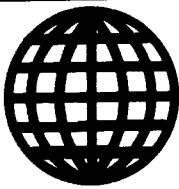


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29 MAY 1990



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GENERAL

Goals of Dissident Ship, Goddess of Democracy *HK0605020890 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 6 May 90 p 13*

[By Ann Peters in Singapore]

[Text] As Chinese dissidents in Europe and elsewhere keep their fingers crossed, somewhere in the South China Sea, the freighter Goddess of Democracy is steaming her way through what is now the most treacherous last leg of her journey from France.

The last leg is hazardous for more than one reason. The vessel, flying a Caribbean flag and carrying a 10-member all French crew plus nine journalists from Europe and Asia, is on a mission of freedom on behalf of the Chinese population. Its plan is to find a spot off the Chinese coast, in international waters, where it will convert to a radio station to beam pro-democracy news and information to China.

The Chinese Government, of course, stands in the way of this seemingly simple mission. It has said in no uncertain terms that it will "not tolerate" support for the ship and it has not ruled out the use of force to stop the vessel from broadcasting.

The journey so far has been beset with delays, frustrations and harassment with incidents along the way that may be construed as hints from Beijing. First Mate Cecile Corre said in Singapore, the ship's second and last port of call before leaving for Hong Kong, that Chinese merchant boats had been harassing the ship in the Mediterranean by pulling up close, stalking and overtaking it, and in one incident earlier this week in the Straits of Malacca, she had to alter course to avoid a direct collision.

The democracy boat was going down the Straits of Malacca while the Chinese ship was going up when it came within half a nautical mile. Although she sent radio messages to the vessel, according to seal laws, to alter course, there was no answer.

"This is unusual," First mate Corre said, referring to the radio blackout and added that if she had not altered course herself, there would most definitely have been a collision.

The ship, which left France on March 17, arrived in Singapore on May 2, an unusually long time for the journey. The reason: every time it communicated with France, it gave its position away and hence had to alter course. "We were going Zigzag all the way."

Despite the incidents the crew remain confident that the vessel will make it to her destination although they have not ruled out the possibility of encountering what they describe (only half jokingly) as "fake pirates from a big country" along the way.

In the absence of any accompanying vessel, it would appear that publicity surrounding the vessel is their only shelter. Journalist Christophe Nick, vice-president of the Boat for China association, the organisers, said the French had previous experience of this sort with the Rainbow Warrior. "They thought they could do anything to it because nobody knew about it. But they know about us."

Nick, who is with the French magazine *Actuel*, which spearheaded the project, also does not think the Chinese would attempt to bring an end to the project when there are international journalists on board and with the timing so close to U.S. President Mr George Bush's June 4 address in Washington on the Most Favoured Nation status issue.

The journalists on board representing some of the 19 magazines worldwide which contributed funds towards the project, echo his view. Karen Gahrn from *Press* in Denmark said if she had really thought it was dangerous she would not have boarded. And French journalist Genevieve Lamoureux from *L'Express* in Paris agreed. It is understood the only Asian journalist on board is a Taiwanese.

Money for the project was also collected by the Paris-based Chinese dissident group, the Federation for a Democratic China (FDC), a group Beijing has described in its latest communique by New China News Agency in Singapore as "criminals wanted by the Chinese Government".

So regardless of the lack of fear, sailor's caution is being employed. First Mate Corre would not confirm or deny whether the ship would go through or near the Spratley Islands—the shortest and best route. "There are many other routes. We will see." But the fact that the short journey from Singapore to Hong Kong is estimated to take 15 days would suggest that it would be a longer route.

Taiwan was the original final port of call, where authorities were reported as saying that the vessel would be allowed into Keelung Port and the Taiwanese military were prepared to protect it if it came under attack. But China's warning that this would be an act of "open provocation" to the Communist Government in Beijing and that it "cannot tolerate" support for the ship must have had something to do with a last minute change of plan when the vessel docked in Singapore to refuel on Wednesday.

Hong Kong was then named as the port in which the ship would dock for fuel, water and food—and also to load its transmitter on board. At the moment the boat is just a boat like any other. "We will become a radio station when we load the transmitter and begin broadcasting," Nick said.

Aware that Hong Kong might refuse entry, he said: "We understand that international sea regulations state that when a boat wants food, water and petrol, nobody can

say no. It is the first law, the first regulation of the sea. If Hong Kong forbids us to enter it will be a precedent."

Other options might be considered now the Governor, Sir David Wilson, had made it clear that the ship would not be welcome to dock in Hong Kong.

Without divulging too much, Nick said one plan was perhaps to have a "friendly ship come in international waters with the transmitter". They have two transmitters standing by in Paris. "I don't know if they are still in Paris, but they were there when we left."

So far the boat has all the other equipment—studios, records, microphones and tapes. It plans to broadcast 24 hours, on medium and shortwave, news about the world and about China. The news programmes will be supplemented by other programmes which aim to tell the Chinese people "the truth about what is going on in China".

Nick said they planned to beam programmes compiled from Hong Kong television news about the Tiananmen massacre and publicise first hand reports from eye witnesses who escaped and told their stories in Paris. "They explained on tape what happened during those days."

He added they had prepared a programme similar to Amnesty International's on political prisoners in China. "There are at least 10 political prisoners in China. We will reveal who they are and tell their side of the story. We also know that many students were arrested, put in re-education camps and made to confess."

Fielding questions on the enormous problems involved in the operation, Nick quoted constantly from section 48 of the UN Declaration of Human Rights which provides for free access to information. His own feelings were fired when he was in Beijing last summer. When the first dissidents began to arrive in Paris they confirmed his own view that "everybody knew what was happening in China except the Chinese".

He said that in some countries people need food and medical assistance but in China they "need to keep their minds in the right way", and the only way to ensure this was by sending them information. "No doctor or Band Aid can do this. it's just us, journalists. It's our job. We have to guarantee everywhere in the world the free flow of information."

He says the world cannot ignore this. "The Chinese work up the world. They woke up Europe and Africa. And now they are alone in Asia. We can't leave them alone. We are the only ones who can do something about it. it's our responsibility. We can't say now what we said 20 years ago about Mao's Cultural Revolution—that we did not move! Same with Stalin. We didn't know in the '30s. But now we know and it's our job to change that."

When Nick returned to Paris from Beijing his magazine started the fax operation whereby they encouraged other magazines to join them by buying articles on China (at

high prices to collect funds) and then fax these articles to China. Overnight, hundreds of thousands of faxes, plus a fake issue of the *People's Daily*, arrived in China, explaining the crackdown.

So far the collection totals a bit less than US\$1.5 million (about HK\$11.7 million), enough to buy the boat and carry the project through to June 6. Nick would not say where the money came from except that in Asia, after requests were made everywhere including Hong Kong and Macao, the only two contributions were from two of Taiwan's were from two of Taiwan's largest newspapers—the *United Daily News* and the *China Times*.

They had to buy the boat in Britain and make the long journey, instead of hiring one in the Far East because of problems in finding a ship agency. "We found it impossible to find a ship agency. We inquired everywhere. And without a ship agency it was impossible to run the boat." The vessel carried a Caribbean flag because it would have taken three months to register a company to fly either the British flag or the French flag, he said.

They estimate that it will cost US\$200,000 a month to broadcast from a stationery point in the South China Sea. This works out to be about US\$12 per minute—the price of the Goddess of Democracy T-shirt and badge now being sold.

Of the possible threat of the Chinese Jamming the broadcasts, Nick said: "It is very difficult to do this in the China area. You can jam in the city with powerful equipment, but five years ago the Soviets tried this. They tried to jam the Voice of America, BBC and broadcasts from Europe, but it didn't work. Everybody could still listen in."

And as to Chinese accusations that the station would be not only breaking maritime laws, but also regulations of the International telecommunications Union (ITU), Nick replied that was untrue.

"Show me which laws. We have read the regulations again and again. We are not breaking any laws. Breaking the laws will apply only if the station is a commercial radio station and this is not."

As for the alleged Federation for Democracy in China (FDC) involvement, he said: "The FDA was not an organiser of the boat. One time we asked them to raise some money. And when they did, we said goodbye. They are all lies. When they speak about the FDC, they lie. When they speak about the ITU, they lie."

But despite the big "no" in the way of this very slow boat to China, hopes are high.

Nick said the Chinese dissidents who arrived in Paris told him that many people in China knew about the coming of the boat and the radio station.

"I don't know how they know. it is just incredible. But I do know, that in a country like China, although there is no free flow of information, you will find that information travels very fast."

Hangzhou Hosts Aerosol Technology Seminar

OW1705180390 Beijing XINHUA in English
1403 GMT 17 May 90

[Text] Hangzhou, May 17 (XINHUA)—A three-day international aerosol technology seminar ended today in Hangzhou, capital of Zhejiang Province.

More than 100 chinese and foreign experts attended the meeting, sponsored by the Zhejiang Technical Import and Export Corporation.

SOVIET UNION

Gorbachev Warns Against Anticomunist 'Madmen'

OW1405183290 Beijing XINHUA in English
1446 GMT 14 May 90

[Text] Moscow, May 14 (XINHUA)—Soviet leader Mikhail Gorbachev attacked anti-Lenin and anti-Communist "madmen" and "swindlers" who were only trying to mislead when he spoke to supporters here last Friday, TASS NEWS AGENCY reported today.

He was addressing a party meeting in the Frunze District of Moscow, where he was nominated as a deputy to the 28th Party Congress.

Gorbachev told party members that there could be free discussions and even confrontation of ideas inside the party, but no factionalism would be allowed, because that would mean weakening and splitting the party.

He admitted that there had been mistakes and faults in the party's work due to inadequate knowledge and experience, and therefore people could voice their criticism. However, he lambasted those who were boosting themselves as "able to lead all the people to march forward on the only correct road without any difficulties," and calling for repudiation of the current leadership.

"They are only a group of political swindlers," he said.

Speaking on the role of the party, Gorbachev said that the Soviet Communist Party Central Committee and himself uphold the vanguard role of the Communist Party, and oppose it to be turned into a Western-style political party or a "club of controversy".

Gorbachev predicted a sharp fight against anti-Leninism and the party "madmen", and appealed to the people to keep calm and not to yield to the troublemakers.

The Soviet leader reiterated his belief in socialism, saying it had proved to be effective and had won strong support from millions of people.

"I believe in the socialist idea and, for me, it is the guiding ideology of our activities," he said.

Gorbachev Says Communist Party To Be Strengthened

OW1405004390 Beijing XINHUA in English
0149 GMT 13 May 90

[Text] Moscow, May 12 (XINHUA)—General Secretary of the Soviet Communist Party Mikhail Gorbachev said here Friday his party will be strengthened and not be weakened.

Gorbachev, who is also Soviet president, said that at its forthcoming 28th Congress, his party will make an important stride forward in fulfilling its new mission as a political vanguard of the society.

These remarks at a conference of presidents of colleges and universities seemed to be made to discourage speculations that the Soviet Communist Party would split and give up its present position.

The Soviet leader said perestroika (reform) has entered into an important stage.

"We should resolutely oppose those who advocate that everything should go back to the old path. Meanwhile, we should also resolutely oppose those who attempt to take the advantage of the present difficulties to lead us astray," said Gorbachev.

He said those who shouted slogans against the Soviet leadership in the Red Square during the May Day Parade were making "political provocations."

These people were actually directing their spearhead of attack against Lenin, the Communist Party and perestroika, he pointed out.

Gorbachev expressed his hope that those who had committed mistakes in this regard will make a clean break with such acts.

It was reported that on May Day, some demonstrators chanted "down with Gorbachev" and booed him as he stood on Lenin's mausoleum reviewing the festive parade. Gorbachev and other leaders left in disgust after 25 minutes of abuse.

The Soviet news agency TASS reported today the Soviet parliament has proposed a draft law banning insults and slanders against the president.

The Soviet news agency INTERFAX said if it became law anyone insulting or slandering the president in public would face a fine of up to 3,000 rubles (5,000 U.S. dollars), corrective labor of up to two years, or a jail term of up to three years.

If the slander or insult were published or broadcast, the punishment would be up to two years of corrective labor or as much as six years in prison, the news agency said.

A newspaper, radio or television station which carried such materials could be fined up to 25,000 rubles (41,000 U.S. dollars) and suspended, it said.

Increasing Crime Reported in Soviet Union

90CM0139A Shanghai GUOJI ZHANWANG [WORLD OUTLOOK] in Chinese No 6, 23 Mar 90 p 22

[Article by Li Qiangguo (2621 1730 0948) and Li Wanlan (2621 1238 5695): "The Problem of Increasingly Serious Criminality in Soviet Society"]

[Text] In recent years the problem of criminality in Soviet Society is becoming increasingly serious. The following are some of its characteristics:

1. Rampancy of economic crimes. In 1989, goods obtained through profiteering, racketeering, and other illegal activities that were confiscated by the state amounted to more than 20 million rubles. Goncharenko, a salesman in the large Frunze Commercial Building, in collusion with others, illegally sold \$145,000 of foreign currency at an enormous profit for himself. Chernyenko, a worker at the Kular Gold Mine of Yakutia, took advantage of opportunities at his post to steal 250 grams of gold and 1,000 grams of gold stone. Economic crimes are not only committed by staff and workers at factories or commercial enterprises, high-ranking cadres of the Soviet Union too have also been caught in the meshes of the law because of malfeasance in office or bribery. The first secretary of the Uzbek CPSU Central Committee, Usman Hodyayev, received 50,000 rubles in bribes and was sentenced by the criminal tribunal of the Supreme Court of the Soviet Union on 28 December 1989 to 12 years in prison and confiscation of his property. The first CPSU secretary of the Uzbek Karakalpak district, Kamalov, had taken somewhat over 100,000 rubles in bribes, and was sentenced to 15 years in prison by the criminal tribunal of the Supreme Court on 25 December 1989.

2. Steep increase of gang crime. In recent years, organized criminal gangs have made their appearance in Soviet society. These criminal gangs stake out their individual gang territories, each dominating a certain district. With their fraudulent activities they corner the market, engage in racketeering and profiteering, commit highway robberies, extortions, are involved in prostitution, run brothels, and engage in every imaginable evil activity. In 1988, the Soviet Union uncovered over 1,000 criminal gangs, in 1989 that figure passed 1,600. In 1989, one particularly large criminal gang, which had a membership of more than 1,000, was uncovered in the Moscow area. At the end of 1989, the Internal Affairs Bureau of Moscow uncovered one criminal gang that printed counterfeit documents of a production cooperative and cheated the bank out of a loan of 32 million

rubles and the production cooperative out of 7.25 million rubles in cash. A search of the homes of these criminals yielded 1.3 million rubles in cash, foreign currency to the value of 300,000 rubles, jewelry to the value of 2.5 million rubles, as well as firearms, automatic rifles, and other deadly weapons. The leader of this criminal gang had even hired policemen at high pay as his bodyguards. A considerable proportion of the criminals in these gangs are youngsters. According to 1988 statistics, 88,000 crimes were committed by young gang members. These minors are young in years, but very daring; they simply defy all laws, human or divine, band together for muggings, beatings, and rapes, and seriously disrupt public security.

3. Numerous large and important cases. In the first nine months of 1989, large and important cases increased 42.4 percent over the corresponding period of the previous year. Cases of robbery of firearms and ammunition increased 46.5 percent over the corresponding period of 1988. All the 1 million cases uncovered since 1986 by the departments in charge of robbery and profiteering prevention included 40,000 large and very large cases of robbery. Among the large and important cases that have already been uncovered, cases of illegally growing poppies for opium production and of drug sales or drug use occupy a considerable proportion. One kilo of opium on the Soviet black market costs as much as 60,000 rubles, and some people resort to illegal poppy-growing to gain these huge profits. The relevant Soviet departments have repeatedly issued decrees strictly prohibiting the growing of poppies for opium production, but some people, completely possessed by greed, will not mend their ways. In 1988, in the Turkmen SSR alone, 163 cases of illegal poppy-cultivation came to trial, and 245,000 poppy plants were plowed under. In 1989 the Soviet Ministry of the Interior in one action caught 97 criminals who had illegally grown, stored, or sold narcotics. In the southern Ukraine, 75 narcotics dealers were arrested, and 759 kilos of opium were seized. The result of a sociologist's investigation of 2,000 students was: In 1988, three percent of middle school students and six percent of vocational technical school students in Saratov were using cocaine.

4. High rate of criminality in the remote border regions. Comparing 1988 with 1987, the fastest increase in criminality was in the Moldavian SSR; next was the Kirghiz SSR.

USSR Obtains GATT Observer Status

OW1705061290 Beijing XINHUA in English
0139 GMT 17 May 90

[Text] Geneva, May 16 (XINHUA)—The General Agreement on Tariffs and Trade (GATT) decided on Wednesday to grant the Soviet Union observer status.

The council of the world trade regulatory body, at its monthly meeting, agreed to Moscow's request for observer status, which was presented in March.

The 96-nation organization said that observer status would provide an opportunity for the Soviet Union to get acquainted with the GATT and would help facilitate the economic reforms in that country.

As an observer, the Soviet Union can attend meetings of the governing GATT Council, sessions of the GATT contracting parties, and will be entitled to take part in meetings of all other standing bodies of the GATT.

But the Soviet Union will not be able to participate in the Uruguay round of multilateral trade negotiations because Moscow did not make its request before the opening of the talks.

The GATT director-general, Authur Dunkel, said that the Soviet authorities had, in their request for observer status, underlined their strong interest in the multilateral trading system and their wish to learn from the market-based economy system.

Welcoming the decision, Van-Thinh Tran, the European Community (EC) representative at the GATT, said the Soviet request for GATT observer status supported the potential universality of the multilateral trade system of the GATT.

Rufus Yerxa, the U.S. ambassador to the GATT, said the observer status did provide an important opportunity for the Soviet Union to understand better how to conform domestic economic policies to GATT requirements. He stressed that the current Soviet economic and trade system was not compatible with the provisions and principles of the GATT.

"It is the sincere hope of my government that current efforts that are underway and aimed at reforming economic structuring will move the Soviet economy towards greater integration into the international trading system and the U.S.S.R. will eventually embrace a market-based price and distribution system which will be compatible with GATT norms," he said.

NORTHEAST ASIA

Kaifu Pledge of Loan Reported

OW1005161390 Beijing XINHUA in English
1516 GMT 10 May 90

[Text] Tokyo, May 10 (XINHUA)—Japanese Prime Minister Toshiki Kaifu said here today Japan will implement a 810 billion yen third loan package to China as promised, according to KYODO NEWS SERVICE.

Kaifu made the remark at a meeting with Tsuruo Yamaguchi, secretary general of the Japan Socialist Party (JSP), who is due to visit China for eight days from May 18 as head of a party delegation, JSP officials said.

Yamaguchi urged the government to lift a freeze on the loan package.

Japan promised to extend the yen loan package for 1990-95 in August 1988 when then Prime Minister Noboru Takeshita visited China.

Kaifu was quoted as saying the Japanese Government is responsible for helping to establish an environment in which the loan could be implemented to everyone's satisfaction.

Kaifu told Yamaguchi that there is no problem in telling Beijing that Japan will certainly honor its promise.

Japan Rejects Proposed Naval Exercises With Thailand

OW0705200990 Beijing XINHUA in English
1732 GMT 7 May 90

[Text] Tokyo, May 7 (XINHUA)—The Japanese Defense Agency today virtually rejected a Thai proposal to conduct joint exercises between the two countries' navies.

Vice Director General of the Defense Agency Seiki Nishihiro told reporters that "we could have joint exercise with any nation if we could expect mutual technical betterment," but that "the point is whether it (a Japanese-Thai naval exercise) is of merit."

The offer was made by Thai Prime Minister Chatchai Chunhawan last week at a meeting in Bangkok with Director General of the Japanese Defense Agency Yozo Ishikawa.

Earlier today, Ishikawa briefed Prime Minister Toshiki Kaifu on Chatchai's proposal, according to local press reports.

Ishikawa said he told Chatchai that he will let experts carefully consider the Thai proposal because it is necessary to judge whether the style, scale and place of such a joint exercise is constitutional and whether it is reasonable from a foreign policy viewpoint.

A senior Defense Agency official, who asked not to be named, said later that Ishikawa should have rejected Chatchai's proposal instead of giving a vague reply, according to KYODO NEWS SERVICE.

Mongolian Leader Condemns Opposition Activities

OW0805181590 Beijing XINHUA in English
1344 GMT 8 May 90

[Text] Ulaanbaatar, May 8 (XINHUA)—Mongolian People's Revolutionary Party Central Committee Chairman Gombojabyn Ochirbat has condemned the Democratic Union and the Democratic Party for making confusion in the country, the newspaper UNEN reported today.

In a meeting with representatives of veteran revolutionaries here on Saturday, Ochirbat pointed out that some people from the two organizations negate his party's

reform policies and the positive social changes that have taken place. He said it is disturbing that they are obstructing the measures taken by his party and the government by creating political and economic chaos.

Ochirbat said that some people from the Democratic Party recently organized some activities aimed at throwing the country into confusion and demoralizing the people. He added that this will, in the first place, harm the interests of the world's people.

South Korea's DLP Factional Power Struggle Analyzed

*SK1105071190 Beijing International Service in Korean
1100 GMT 10 May 90*

[Unattributed commentary: "Decisions That Have Laid Bare the Conflicts Embedded in South Korea's Ruling Party"]

[Text] According to a news report from Seoul radio, in its party convention held on 7 May, the Democratic Liberal Party [DLP], South Korea's ruling party, has decided on an amendment to party regulations, on practicing a parliamentary system within the framework of the current system, on appointing the incumbent President No Tae-u as the president of the DLP, on limiting his tenure in office to two years, and on allowing the DLP president to choose the executive chairman, the second highest office in the DLP.

This decision has totally laid bare the contradictions inside the DLP. Last February, the Democratic Justice Party, former ruling party of South Korea, founded a new party, the DLP, after merging with such opposition parties as the Reunification Democracy Party and the New Democratic Republican Party. At the same time, No Tae-u, Kim Yong-sam, and Kim Chong-pil, presidents of the now defunct political parties, functioning as executive chairmen of the three parties, agreed to collectively consult on policy matters of the party and government.

Such interim measures show that although the three parties have been integrated into one, there still exist three factions with their own lines apparently different from each other. Therefore, its selection of a leadership system is in fact a scramble for power.

Over the past three months, publications in Seoul have predicted on many occasions that according to the weight of the three factions, No Tae-u will become the party's president, Kim Yong-sam will become the executive chairman, and Kim Chong-pil will become chairman.

With eyes on the positions they could win in the next regime, while trying to attain more power, the two factions each represented by No Tae-u and Kim Yong-sam have been sharply contending.

No Tae-u's faction has insisted that the party president's term of office be equivalent to that of the president of government and that the executive chairman of the party be appointed by the party president. This is because No Tae-u has yet about three years in his office as president. Such an assertion was a ploy designed to make the faction's stay in power as long as possible.

Kim Yong-sam's faction, however, has in the meantime insisted that the party president's term of office be two years and the party's executive chairman be determined by vote.

Since the two sides would not make any concession to the other side while stubbornly clinging to their own opinion, they have produced a period of internal confusion, even though the two sides once were similar in their opinions.

Because Kim Yong-sam stayed away from the party meetings, First Minister of State for Political Affairs Pak Chol-on, an active supporter of No Tae-u, had no choice but to resign from his post. So, the new decisions adopted at the DLP convention is in fact a compromise worked out to bring the party's internal power struggle under control.

According to this program, No Tae-u will have no choice but to concede his party presidency to Kim Yong-sam two years later. However, the office of the party executive chairman, which Kim Yong-sam is expected to take, will fail to play a greater role in the next two years as it is named by the party president.

At the convention, the DLP also decided to change the current presidential system to a parliamentary system. According to the Constitution currently in force, No Tae-u's presidential term is five years and he is prohibited from running again.

If the political system were to change, No Tae-u's position will not prevent him from usurping power in the future. If this happens, not only will the power struggle among the internal factions of the DLP remain unsettled, but the DLP and the opposition parties will also be unable to keep their interests from clashing.

SOUTHEAST ASIA/PACIFIC

Asian-Pacific Region Developments in 1990's Forecast

*Shanghai GUOJI ZHANWANG [WORLD OUTLOOK]
in Chinese No 3, 8 Feb 90 pp 3-5*

["Commentary" by Tian Zhongqing (3944 0022 7230): "The Pattern of International Relationships in the Asian-Pacific Region in the 1990's"]

[Text] The Asian-Pacific region is a region in which the postwar political and military dividing lines between East and West are none too clear. The interests of great nations intersect and overlap and conflicts of all sorts are

complicated and difficult to handle. During the decade just past, a series of startling changes have taken place in the Asian-Pacific region: Under the effect of a major trend toward alleviating tensions around the globe, the Soviet Union has substantially revised its Asian-Pacific policy, the U.S.-Soviet military standoff has eased, and certain political hot spots have cooled off somewhat, and we have achieved some normalization in Sino-Soviet relations. These changes have already produced a major effect on strategic patterns in the Asian-Pacific region, and they will continue to do so.

What will be the specifics of the pattern of international relationships in the Asian-Pacific region during the last 10 years of the 20th century?

I. The Trend Toward Relaxation of U.S.-Soviet Tensions Will Continue, But the Adversarial Relationship Between the Two Will Not Disappear

After Gorbachev came to power, the turning points were the 1986 Vladivostok address and the 1988 Krasnoyarsk address, when he suggested that the United States and the Soviet Union should cooperate in arms reduction in the Asian-Pacific region. He proposed that the Soviet Union cease using its Cam Ranh Bay military base in Vietnam in exchange for the United States pulling out of its Philippine military bases. After this, the Soviet Union also unilaterally disarmed 500,000 troops, including 260,000 troops in its Asian division. During the 1990's, with new guidance on foreign deployment, and given the simultaneous need to decrease the burden of military spending and alleviate economic problems, the Soviet Union will continue to advocate bilateral or multilateral negotiations to decrease the level of Soviet and U.S. military activity in the Asian-Pacific region. Faced with this new Soviet strategy, the United States cannot help but respond. In fact, in the past two years there has been considerable change in public opinion regarding the Soviet Union among many politicians and citizens in the United States; concerns about Soviet military expansion in sensitive world areas, including the Asian-Pacific region, have declined substantially. In addition, given the relative decline in U.S. economic strength and Japan's assumption of greater responsibility for security and defense, it is possible that during the 1990's the Soviet Union and the United States will reach an agreement on disarmament or on the issue of military bases in the Asian-Pacific region.

In spite of this, both the Soviet Union and the United States still advocate maintaining a "sufficient" and "reasonable" military strength in the Asian-Pacific region, which has a great bearing on their immediate interests. As of today, Soviet naval forces in the region not only have not declined, they have increased due to equipment refitting. The issue of U.S. military bases in the Philippines also remains unresolved. During the 1990's, the dialogue and easing of tensions in the overall U.S.-Soviet relationship will continue throughout their "peaceful confrontation" in the Asian-Pacific region.

In the past two years U.S.-Soviet rivalry to expand political influence in the Asian-Pacific region has attracted much interest. ASEAN nations are the primary target of Soviet diplomatic offensives, and visits are exchanged relatively frequently between Soviet, Indonesian, and Thai leaders. The Soviet Union's role in the Cambodian issue and its position in the nonaligned movement all win it high marks. The Soviet Union has launched a "smile diplomacy" campaign among Asian-Pacific nations, with the intention of creating a secure environment around the periphery. Its major aim still seems to be to dispel any doubts on the part of Asian-Pacific nations, so that it can enter the mainstream of economic activity there. The Soviets have clearly indicated that collaboration with Asian-Pacific nations should become "one of the focal points of foreign policy" during the 1990's, and that they regard participation in this collaboration to be the key to opening the economy to the outside world and to accelerating development in the Far East. In recent years, at the same time as the United States is maintaining close relationships with its Asian-Pacific allies and with nations that have traditionally had ties to the West, it has also put political feelers out toward territory where its influence has been weak in the past. After it established diplomatic relations with Mongolia, the United States also expressed its willingness to moderate its hostile relationship with North Korea, and it tried hard to return politically to Indochina. The United States has indicated that in the future it will play a greater role in the Cambodian issue by helping the noncommunist anti-Vietnamese forces. The U.S.-Soviet competition to expand political influence may become a principle feature of superpower rivalry in the Asian-Pacific region in the 1990's.

II. The Original Hot Issues in the Asian-Pacific Region Will Gradually Cool Down, and the Possibility of New Hot Spots Arising Is Relatively Slight

During the last half of the 1980's the three major hot spots in the Asian-Pacific region—the Korean peninsula, Afghanistan, and Cambodia—cooled down to different degrees. North and South Korea, after decades of tension and confrontation, began gradually to move toward dialogue and flexibility. There have already been several rounds of talks between the North and South Korean national assemblies, between Red Cross representatives, and at the vice-ministerial level, and the first meeting between North and South Korean prime ministers achieved a preliminary agreement. Soviet troops have withdrawn from Afghanistan, creating the conditions for the Afghan people to solve their own problems without foreign interference. In Cambodia, the brave fighting of patriot forces resisting the aggressors have compelled Vietnam and the Phnom Penh regimes to sit down at the conference table. What is regrettable is that as we enter the 1990's there is no trace in sight of a final resolution to problems in these hot spots. The South Korean authorities refuse to recognize the reality of two social systems existing on the Korean peninsula, and their vain attempt to impose their "one nation, one system" ideal on people has cast a shadow over the chance to resolve

the Korean issue. Since Soviet troops were withdrawn from Afghanistan the goal set at the Vienna conference—to form a broad-based coalition government from the various Afghan political factions—has yet to be achieved, and infighting continues between the Kabul regime and opposition forces. Because of the positions to which the Vietnamese and the Phnom Penh regimes stubbornly cling, the two keys to the Cambodian issue, namely, to establish a four-part provisional coalition government headed by Prince Sihanouk and to have international organizations headed by the United Nations supervise the withdrawal of Vietnamese troops and the subsequent general election, have not yet been settled. The majority of Asian-Pacific nations hope that they can help to resolve problems in these hot spots early in the 1990's, but it looks like their fond hope of realizing an international society will be difficult to achieve.

These three Asian-Pacific political hot spots of the 1980's were to a large extent products of the "cold war" between the superpowers, and a part of their global deployment. In the 1990's even if these kinds of conflicts and issues persist between Asian-Pacific nations, given the overall trend toward relaxing tensions and the general shift to an international pattern of relationships, the chance of new hot spots arising is significantly smaller in the 1990's than it was in the 1980's.

III. The Constant Expansion of Japanese Military Forces and Japan's Scheme To Become a Political Great Nation Will Ensure That International Relationships in This Region Grow Even More Complex

In the 1980's Japan changed from an economically great nation to an "economic superpower." In 1988 Japan's GNP reached approximately \$2.9 trillion—a level which equals almost 60 percent of the U.S. GNP, is about equal to that of West Germany, England, and France combined, and surpasses that of the Soviet Union. As Japan's economic strength has continued to grow, its desire to become a militarily and politically great nation has also clearly and unmistakably appeared. In the past few years the increase in Japan's military spending has been very obvious. In 1990 its defense budget has been set at \$29.8 billion, a figure that is approximately equal to the defense spending of all the Northeast Asian and Southeast Asian nations combined. Right now Japan not only has the capacity to build aircraft carriers and advanced combat aircraft, it also has the potential to build nuclear weaponry. It looks as though the trend in Japan toward higher military spending and arms expansion will not abate in the 1990's. Simultaneously, Japan is seeking to play a greater political role in Asian-Pacific region affairs, and, indeed, in global affairs. At the UN General Assembly in September 1989, Japanese Foreign Minister Nakayama Taro publicly appealed to international society not to ignore Japan's prominent political strength at the same time as it regards Japan as an economic powerhouse. The Japanese Government clearly realizes that, historically, many Asian-Pacific nations have suffered intensely from Japanese aggression, and they look

with alarm upon Japan's ascent as a military and political great nation. As a consequence, Japan always seeks to weaken international aversion by increasing development aid to small and medium-sized nations. In the last two years, at the same time that Japan has been intensifying its efforts to establish relationships with ASEAN nations, it has also been expressing a pronounced interest in Indochina. Japan's representative was certainly lively at the postwar Cambodian Rejuvenation Council meeting held during the Paris International Conference on the Cambodian Issue. At a time when many Western nations still apply economic sanctions to Vietnam, several Japanese commercial societies have rushed in to establish offices in Ho Chi Minh City and Hanoi.

These activities on the part of the Japanese bring a new element of complexity to international relationships in the Asian-Pacific region during the 1990's. They have deepened the shade of political multipolarity in the Asian-Pacific region and induced many people to debate whether the "great triangle" relationship of the 1980's, between China, the United States, and the Soviet Union, will become the "quadrilateral" relationship of the 1990's between China, the United States, the Soviet Union, and Japan. Given the constant activity of rightwing forces within Japan, who distort its invasive history and deny responsibility for past aggression, people cannot help but believe that Japan's continued military buildup is detrimental to future peace and stability in the Asian-Pacific region. Politically speaking, although the U.S.-Japan security pact, upon which Japan's external relations are based, has not changed much, worsening economic friction between the two nations is assailing this relationship. On the other hand, Japan-Soviet relations may heat up due to indications of greater Soviet flexibility on the question of the southern Kuril Islands north of Japan. In addition, Japan's great foothold in Southeast Asia and the U.S.-Japan competition to become the "leader" of an Asian-Pacific economic alliance, which is producing both open strife and hidden struggles, will make relations between Asian-Pacific nations even more delicate and complex.

IV. ASEAN Nations Will Raise the Banner of "Southeast Asian Peace, Freedom, and Neutrality," and, as the Great Nations Seek a Balance of Power, the Growth and Change in the ASEAN Relationship With Vietnam Will Be Worth Noting

ASEAN member nations are all small and medium-sized countries, and in the changeable Asian-Pacific region, in consideration of their own security, their consistent objective has been to achieve peace, freedom, and neutrality in Southeast Asia. In the 1990's the economy of ASEAN nations will rise to a new level. Malaysia and Thailand may very possibly become new "little dragons" in the near future. In order to concentrate their forces and develop economically, they hope that the Southeast Asian region will continue to maintain stability. Given the continuing U.S.-Soviet military standoff and the increasing great-nation rivalry for political influence in

the Asian-Pacific region, the ASEAN nations feel that as the great nations implement policies to balance forces between them it is most reasonable to also gradually augment the independence and strength of ASEAN nations themselves. Today, some ASEAN nations still regard the Soviet Union as their primary threat and look to the United States to maintain a certain military strength in the Asian-Pacific region to counter the Soviets. Yet these nations are still unwilling to make known their position concerning U.S. military bases in the Philippines. Some member nations also object to Singapore's willingness to provide the United States with the use of its facilities. The ASEAN nations are by no means unanimous in their opinions on Asian-Pacific affairs, and there are differences between them in their degree of intimacy with the Soviet Union, the United States, and China, but their common interests outweigh their differences. For this reason, the ASEAN member nations will continue to uphold the unity of their organization and strive to "speak with one voice" on foreign policy.

The ASEAN nations made a great contribution to the opposition to the Vietnamese invasion of Cambodia. But, in the past two years, as a political resolution to the Cambodian issue has begun to develop, some ASEAN nations have grown significantly more flexible in their relationships with Vietnam. Some are even indicating that they may in the future consider allowing Vietnam into ASEAN. This reconciliation between ASEAN nations and Vietnam is intended both to "turn the Indochina battleground into the Indochina market" and to encourage Vietnam to gradually cast off its dependence on the Soviet Union and reduce superpower meddling in Southeast Asian affairs. However, in view of what Vietnam has been and done in Cambodia, it will not easily abandon its aggressive ambitions for regional hegemonism. In fact, Singapore and other nations still maintain a stern attitude toward Vietnam. Relations between ASEAN and Vietnam in the 1990's will not be all smooth sailing.

Philippine Defense Chief Favors U.S. Bases Phaseout

*OW0205055590 Beijing XINHUA in English
1501 GMT 26 Apr 90*

[Text] Manila, April 26 (XINHUA)—Philippine Defense Secretary Fidel Ramos stated here today that he still favors a five to 10 year phaseout of the U.S. military bases in the country.

Speaking at a press conference attended by foreign correspondents based in Manila, Ramos said that the presence of the U.S. bases "contributes to the stability of the region."

He said that a five to 10-year phaseout of the military bases would be reasonable.

But he stressed that there should be continuing "relationship of good will, mutual assistance and support of common interests with the U.S."

Asked if it is possible for the Philippines and U.S. to maintain such relationship without having some sort of formal military agreement, Ramos said that besides the military bases agreement, there is also the mutual defense treaty that defines the security relationship between the two countries.

"Even assuming that the military bases agreement would be terminated (in 1991), the mutual defense treaty will continue to exist," Ramos said.

But he noted that the armed forces of the Philippines must be modernized self-reliantly. "When I say self-reliance, that means more inputs, more contributions from the local economy," he said.

NEAR EAST/SOUTH ASIA

Summary of Egypt's Role in Promoting Arab Unity

*OW1105193690 Beijing XINHUA in English
0158 GMT 11 May 90*

["Round-Up: Egypt Showing the Way for Arab Unity by Dingwen, Zhongdong"—XINHUA headline]

[Text] Cairo, May 10 (XINHUA)—Egyptian President Hosni Mubarak paid an official visit to Syria earlier this month for the first time in 13 years to mediate in the Syrian and Iraqi rift so that he could convene an emergency Arab summit on the latest developments in the region.

It was merely one episode in the Egyptian Government's efforts to strengthen regional co-operation and Arab integrity.

In early 1989, the Arab Co-operation Committee, grouping Egypt, Jordan, Iraq and Arab Yemen was set up, indicating a new chapter in the history of the Arabic peoples' unity and co-operation.

Since 1987 when the Arab summit was held in Amman, Egypt has been actively engaged in its diplomatic efforts to promote brotherly relations with other Arabic nations, playing an ever greater role.

After a hiatus of ten years, Egypt regained its membership in the Arab League last May when the Arab summit was held in Morocco, and restored its diplomatic relations with Syria last December. By the end of last year, all the Arab states, with Libya the only exception, who severed ties with Egypt after the Camp David accord was signed between Egypt and Israel, had restored their diplomatic relations.

As a mediator, Egypt also made a large contribution to the Middle East peace process by pushing forward a ten-point proposal last September and calling for direct

talks between Palestinians and Israelis in order to break the stalemated negotiations.

Over the last two years, President Mubarak, has initiated his shuttle diplomatic activities in the Arab world, strengthened Arabic unity and co-ordinated their common standpoints through successive talks on major international issues as well as the latest developments in common concerns.

Recently, Egypt suggested that the Middle East region be a destructive weapons-free zone, a proposal highly acclaimed over the whole world and in the Arab states in particular.

As a major nation in the region, Egypt is playing an ever more important role in Middle East affairs.

WEST EUROPE

Outline of Hurdles to German Integration in EC

HK0305011390 Beijing RENMIN RIBAO in Chinese
28 Apr 90 p 4

["Dispatch" from Brussels by staff reporter Wei Wei (7614 8343): "Strive To Integrate the Unified Germany Into the 'European Community'—Prospects for the European Community Special Summit in Dublin"]

[Excerpts] 23 Apr—The European Community's [EC] special summit meeting in Dublin, which has been advanced to the 28th of this month, will be focusing on the process of the reunification of two Germanys and its relations with the internal construction of the European Community. To facilitate the meeting, there has been frequent discussion within the EC. [passage omitted]

The "integration into the EC" of the unified Germany seems easy to achieve. In fact it is not easy at all. There are at least three hurdles:

First, there have been so far some uncertain elements in the German unification process. Apart from the impact of the union of the East and West German Deutschmark on the European currency system, the fact that there will be the entry of 600,000 peasants from Democratic Germany into the EC, will create tremendous impact. The EC may have to spend 1 to 3 billion more ECU annually to ensure the implementation of a common agricultural policy.

Second, to a very large extent the "integration into the EC" of German unification is determined by cooperation between West Germany and France, that is to say, the stability of the "France-Germany axis." Before the summit meeting, France and West Germany have showed signs of unity. But in fact they have their own plans. Though both France and West Germany are waving the flag of European union, West Germany wants in fact to reduce external obstacles to the reunification, whereas France wants West Germany to be placed under certain restraints. Kohl understands French intentions.

Lastly, the most pressing affair for the EC now is the realization of a great unified internal market before the end of 1992. However, a range of measures designed to fulfill this end, such as free flow of personnel, tax coordination and so on are still being subject to argument between member states. If the special Dublin summit meeting do not address these problems, but discuss instead problems such as political union or economic currency union, the meeting may smack of being far-fetched and impractical. Moreover, media opinion here think that the schedule would be too tight, with the result of dashing what is hoped to be achieved, if both political union and economic currency union are to come into effect in 1993; for the EC would be forced to adapt simultaneously to three things: a great market, and the two unions.

Therefore, it is very possible that the special summit meeting in Dublin will be one more of empty talks than substance, designed to cover up a divergence of opinions. The fact that such a meeting has been called, reflects the EC's intention to make strategic adjustment for internal construction. The "reorganization of power in Europe has just begun," real bargaining lies ahead.

EAST EUROPE

Bleak UN View of Eastern Europe Economic Prospects

OW1705051590 Beijing XINHUA in English
0103 GMT 17 May 90

[Text] United Nations, May 16 (XINHUA)—Eastern European countries had the worst economic performance in 1989 since the immediate post-war period and are faced with formidable economic problems in 1990.

According to a survey report released here today by the U.N. Economic and Social Council, in Eastern Europe output of last year fell or stagnated, and in the Soviet Union it rose, but much less than in 1988 and considerably less than planned. Domestic imbalances were also worse than at any time since the post-war recovery.

In the Soviet Union, according to the report, output growth fell from 4.5 percent in 1988 to less than 2.5 percent in 1989. Output actually fell in most, possibly all, of the six Eastern European countries and aggregate growth was only 0.5 percent in five of them.

The report also pointed out that, in 1989, the volume of exports fell by 2.5 per cent while imports rose by one per cent in Eastern Europe. The overall trade surplus of these countries contracted from seven billion U.S. dollars to six billion although the terms of trade improved slightly.

In the case of the Soviet Union, for example, export volume stagnated, while imports rose by an estimated seven per cent. Together with slightly worsening overall

terms of trade. This caused a nine-billion-dollar turnaround of the Soviet trade balance, from a surplus of 3.5 billion dollars in 1988 to a deficit of 5.5 billion dollars in 1989.

The immediate prospects for Eastern Europe and the Soviet Union are quite bleak, the report said.

"The short-term outlook is for a deepening recession in the East European countries in 1990, and for sluggish at best in the Soviet Union."

According to the report, Eastern European governmental programs for 1990 focus on the twin aims of transforming economic systems and stabilizing economies in disarray.

But, the recent social developments in these countries have created massive uncertainty which is "likely to exacerbate economic problems in the short run," the report said.

In almost all these countries, the report said, social or political upheavals [words indistinct] important role in the downturn of their economies, although deteriorating macro-economic control, the effects of fiscal deficits and the worsening internal market balance appear to have been main causes.

Czechoslovak Communist Party Confident of Survival

OW0205043990 Beijing XINHUA in English
0058 GMT 2 May 90

[Excerpt] Prague, May 1 (XINHUA)—The Czechoslovak Communist Party celebrated May Day today under a new political atmosphere, with its leaders expressing confidence of party survival.

Vasil Mohorita, first secretary of the Central Committee of the Czechoslovak Communist Party, spoke to 6,000 party activists and supporters attending a celebration rally by reiterating the party's goal to build a "democratic, humane socialism with a rich material and spiritual life."

He criticized certain forces who are attempting to get rid of the Czechoslovak Communist Party, saying the party can survive any current and future changes. [passage omitted]

GDR Opposition to NATO Expansion Noted

OW0305045090 Beijing XINHUA in English
0100 GMT 3 May 90

[Text] Berlin, May 2 (XINHUA)—Democratic Germany opposes any possible NATO military expansion between the Oder and the Elbe Rivers, the country's defense minister Rainer Eppelmann said today.

According to the ADN NEWS AGENCY, Eppelmann said at a military meeting in Strassburg that Democratic

Germany would not agree to join the NATO organization but will advocate replacing military alliances with a demilitarized European security system.

In the future, a new kind of army may appear on the soil of Democratic Germany, which would only play a role of defense without affiliation with any military alliance, the defense minister said.

Proposing the Warsaw Pact be transformed from a military alliance into a political one, Eppelmann said his country will gradually reduce its military commitment to the Warsaw organization, including troops reduction in Democratic Germany.

Unemployment Continues To Rise in GDR

OW1005231290 Beijing XINHUA in English
0125 GMT 10 May 90

[Text] Berlin, May 9 (XINHUA)—The number of jobless in Democratic Germany increased by 20,000 in April to reach a total of 65,000, the Labor and Social Welfare Ministry announced today.

The Democratic German News Agency ADN said about 10,000 unemployed persons are university graduates, while over 30,000 are vocational experts.

Moreover, a continued reduction of available jobs in April contributed to the worsening unemployment situation, a Labor Ministry report said.

Democratic Germany implemented a number of measures, such as opening training courses for new job hunters to curb unemployment, which helped 1,000 unemployed persons to find jobs.

However, statistics showed that about 48,000 people applied for unemployment relief by the end of April.

Reports said nationwide unemployment figures in Democratic Germany nationwide will continue to increase, while some factories in the country are being dissolved, put out of operation or privatized.

Yugoslav Vice President Warns of 'Disintegration'

OW1205195090 Beijing XINHUA in English
0105 GMT 12 May 90

[Text] Belgrade, May 11 (XINHUA)—Yugoslav Vice President Borisav Jovic said today his country is in danger of disintegration and must take resolute measures to stop the trend, the Yugoslav News Agency TANJUG quoted him as saying.

Jovic told security officials that spontaneous elements are trying to topple the League of Communists of Yugoslavia (LCY) under the pretext of democracy, TANJUG reported.

They are inciting ethnic conflicts and chauvinism in an attempt to split the country, constituting a threat to the work of the federal government, he said.

The complications of the current situation in Yugoslavia caused both damage to the country's popularity in the world, and panic at home over the nation's future, he said, adding that the country is facing the urgent task of resolutely checking the negative trend.

The vice president called on his countrymen to respect Yugoslavia's constitution and legal system, and to maintain social stability and pace of progress to avoid the tragedy of disintegration.

He said Yugoslavia is conducting reform in the interests of its people and in light of the country's specific conditions. No foreign interference will be allowed, and the country will continue to combat all activities plotted to sabotage the constitutional system of Yugoslavia, he added.

Yugoslavia Seen Stressing Political Stability

*OW1405154190 Beijing XINHUA in English
0539 GMT 14 May 90*

[Text] Belgrade, May 13 (XINHUA)—Maintaining the nation's political stability and respecting the national Constitution and laws without condition are most important to Yugoslavia at present.

Borisav Jovic, vice-chairman of Yugoslav Federal Presidency, reiterated this in his interview with TANJUG, which transmitted it today.

Jovic will replace Janez Drnovsek as chairman of Yugoslav Federal Presidency as of May 15.

Talking about the political situation in the country, Jovic said the developments in the process of political pluralization has endangered the country with new difficulties.

Top priority at present is to maintain the country's political stability so as to modify the Constitution and carry out reforms in an atmosphere of stability, understanding and forbearance, he said.

It is regretted that there exist many violations of the Constitution and dangers of doing things at one's own will on their soils, he stressed.

Such situation cannot be allowed because nobody has the right to agree with acts which will bring the country into chaos, he added.

Referring to the attempt of the opposition to change the federation into confederation, Jovic stressed that Yugoslavia should maintain its federal system and make it perform its functions effectively by modifying the Constitution.

The trouble is, he said, the federation cannot fulfil its duties stipulated by the Constitution. This is to a great extent the cause for plunging the country into a crisis, he added.

To further weaken the federal state means to further disintegrate Yugoslavia, he said, adding that he did not believe the approach can free Yugoslavia from crisis.

SUB-SAHARAN AFRICA

New PRC Ambassador Sent to Guinea

*OW1105191890 Beijing XINHUA in English
0033 GMT 11 May 90*

[Text] Conakry, May 10 (XINHUA)—Guinean President Lansana Conte expressed his appreciation here today of the cooperative relations between Guinea and China while accepting the credentials presented by the newly appointed Chinese Ambassador Jiang Xiang.

Conte also said that his government and himself will continue their efforts in developing and strengthening the friendly cooperation between the two countries.

Jiang Xiang arrived here on April 26.

New Envoy to Niger; Trade Fair in Cameroon

*OW0505065490 Beijing XINHUA in English
0531 GMT 5 May 90*

[Text] Beijing, May 4 (XINHUA)—Following are news items in brief on Sino-African ties:

—A Chinese cultural week opened in Dakar Thursday with the opening ceremony jointly presided over by Senegalese minister of youth and sports and Chinese Ambassador Xie Zhenliu. Exhibits include photos, books, paintings and films, and sport competitions and Chinese cuisine demonstration was held.

—An 11-day trade fair exhibiting and selling goods produced by China's Hubei Province closed successfully on Friday. A contract on providing technical assistance was signed between the province and a Cameroonian company.

—The Niger President Ali Saibou received the letter of credentials of the newly appointed Chinese Ambassador Wu Donghe in Niamey Thursday and had a friendly and cordial talk with him.

Jiang Zemin Maneuvers To Consolidate Position

90CM0022A Hong Kong CHENG MING

[CONTENDING] in Chinese No 149, 1 Mar 90 pp 20-21

[Article by Yang Lien (2799 6647): "Jiang Zemin's Transitional Period"]

[Text] The Alliance of Jiang Zemin, Li Ruihuan, and Qiao Shi

According to reliable sources from Beijing, Jiang Zemin has formed a solid alliance with Li Ruihuan and Qiao Shi among Standing Committee members of the Politburo. Deng Xiaoping personally formed this alliance of three people. Among the three, Jiang has become the head of the party and the military forces. Currently in charge of propaganda and ideological work, Li Ruihuan is making preparations to take over the State Council. The party had set up a small unit on restructuring the economic system during the Zhao Ziyang years and it was through this organization that Zhao had his hand in economic affairs. The central government is now considering restoring the functions of this organization. It is ironic that Jiang and Li [Ruihuan] are now competing with Li Peng for Zhao Ziyang's henchmen. As the Institute for Restructuring the Economy [IRE] and the Research Center of the CPC Central Committee for Reform of the Political Structure [RCRPS] are organs naturally subordinate to the State Council, Li Peng has the advantage of "he who has a waterfront pavilion gets the moonlight first." However, since Li and Zhao have a deep dislike for one another (Li was the most active member during the purge against Zhao Ziyang), Zhao's subordinates will not listen to Li. Zhao's subordinates are naturally inclined to side with Jiang Zemin and Li Ruihuan; it is as if a bomb were planted in the State Council by Jiang Zemin. It is said that Li Ruihuan has already held numerous banquets for the mainstay members of the original IRE and RCRPS to solicit their advice on reform issues. Even the old advocates of neoauthoritarianism also openly expressed their willingness to throw their support to Jiang. Beijing is a sensitive place, and it takes time for Zhao's clique to be set in place. But other localities have lifted the ban. For instance Shanghai political scientist Wang Huning [3769 3337 1337] has resurfaced recently with an article in a Shanghai journal advocating political reform.

Organizationally, Li Ruihuan is out recruiting people from different factions and cliques. In addition, Li has held quite a few discussions with Hu Qili [5170 0796 4539], indirectly asking for Hu's advice on his experience in ideological and propaganda work on the one hand, but actually soliciting Hu's help in recruiting people on the other hand. From this evidence, Hu Qili's comeback is only a question of time. Of course, Hu can only come back to power under the condition that he submit to Jiang and Li and that he does not come back as the successor of the general secretary of the CPC Central Committee. (Hu used to be perceived as the successor to Hu Yaobang.)

Jiang Zemin was still going to place his people in the State Council in order to replace Yao Yilin, Wu Xueqian (Wu's son was convicted for his arrangement to put the news about the massacre on the air at the radio station on "4 June"), and even Tian Jiyun [3944 4764 0061]. Among the candidates for the State Council are Zhu Rongji [2612 3579 1015], the mayor of Shanghai; Ye Xuanping [0673 6693 1627], the governor of Guangdong; and others. In addition, the former mayor of Shanghai, Wang Daohan [3076 6670 3211], has organized an unofficial advisory group to consult Jiang Zemin on economic issues. However, because of the lesson learned from the gang of four, (which is called the gang of Shanghai) Jiang has purposely avoided leaving an impression of a Shanghai gang. For the Spring Festival this year, Jiang went to Shanxi for inspections and sent Yang Shangkun to Shanghai. In this way, Jiang hopes that the strong image that Shanghai is his home base will be diffused. Nevertheless, these precautions only indicate the long-term significance of Jiang's use of his Shanghai power. Otherwise, there is no need for him to cover up. As the Chinese proverb says: "No 300 taels of silver buried here." [A guilty person gives himself away by conspicuously protesting his innocence.]

Qiao Shi Sets Up Beijing Security

Qiao Shi is of extreme importance to the Jiang-Li alliance. Recently, it was rumored that Qiao Shi was criticized by his highness Deng for miscalculating the time of Ceausescu's fall after he returned from Romania. It was also rumored that he was shot at in his car. In fact, Qiao Shi was concentrating on setting up the security contingent in Beijing. After martial law was lifted some military people remained in Beijing in plainclothes. From time to time, they clash with Beijing's Armed Police. It was absolutely necessary to properly resolve such problems during the transition from the Deng-Yang (Shangkun) system to the Jiang-Li (Ruihuan) system. The issue is especially important to Jiang Zemin as he has no military background. In order to prevent others from using the same method of "capturing the gang of four" to attack Jiang's successors a hundred years after Deng's death, it is important for Jiang to control the security forces in Beijing. What must be pointed out here is the general opinion that the forces of the Yang family generals represented by Yang Shangkun are in opposition to the Deng-Jiang power. This opinion is incorrect. In fact, Deng had asked both Yang Shangkun and Wang Zhen [3769 7201] to be guardians to protect not only Jiang Zemin, but also Deng's family members. However, because both Yang and Wang are in advanced in years, Deng has to promote Yang Baibing [2799 4101 0309] in order to help Jiang Zemin consolidate power in the military. To exaggerate the conflict between Deng Xiaoping and Yang Shangkun is Li Peng faction's trick to pit one against the other.

Stratagem To Win People's Hearts

The impact of the sudden changes in Eastern Europe and the stress of "4 June" made Jiang and Li (Ruihuan) take

a hardline position and loudly sing orthodox Marxism-Leninism in order to prevent Communist Party rule from collapsing. However, some special characteristics of the Jiang-Li "reform" can be observed thus:

Point one is low-key criticism of Zhao [Ziyang] as much as possible. Jiang Zemin gave Zhao and his family members obviously lenient treatment in order to gain favor with other veteran cadres who also have "family scandals," and to win the hearts of Zhao's subordinates and to recruit them for Jiang's own use.

Point two is gentle treatment of the organizations originally affiliated with IRE and RCRPS, as well as organizing internal studies of political reform. In the meantime, scholars in other places, such as Tianjin, Shanghai, and Guangzhou are quietly allowed to resume their hundred-schools contention on reform issues to test the political wind and to gather force. The fact that Wang Huning was active again is such a testimony.

Point three is to win the hearts of intellectuals. The "4 June" incident thoroughly chilled the hearts of intellectuals. In order to recover their confidence, the CPC Central Committee is determined to increase the salaries of elementary and middle-school teachers. This was what Deng Xiaoping had been making loud noises about in the last 10 years, but was never able to achieve. In addition, the problem of married intellectuals who are separated because they work in different places needs to be resolved. A middle-school principal known to the author was given a salary raise from over 100 yuan a month to more than 300 yuan a month. As a result, he abandoned the desire for retirement. Nevertheless, many teachers said it was really tragic that the price for their salary increase was the bloodshed of the Tiananmen incident.

It is doubtful, however, that the reform would be successful even if Jiang and Li (Ruihuan) were able to smoothly pass the transitional period when Deng is no longer around. In an age when the international tide encompasses political, economic, and cultural pluralism, is it possible to accomplish meaningful modernization by relying only on authoritarianism and a one-party dictatorship?

CPC Increases Control of News Media

90CM0023A Hong Kong CHENG MING
[CONTENDING] in Chinese No 149, 1 Mar 90 pp 18-19

[Article by Ching Sheng (0079 3932): "The Chinese Communist Investigates 'the Nerve Centers'—Radio, Television Stations, and RENMIN RIBAO"]

[Text] Two big buildings tower over the east and west side of Beijing's big avenues outside of the Fuxing Gate. One of them is the China Broadcast Building, constructed in the 1950's with Soviet help. The other is the Western tower-styled China Television Building. Both buildings are the nerve center of Communist China. They are the testimony of China's history and speak for

"Tiananmen Square"; they particularly captured attention in an unstable political climate.

Full Effort To Take Over Radio and Television Stations

To everyone's surprise the two central stations [the central broadcast station and the central television station], which had been the most dependable tool of indoctrination in the few dozens of years of CPC rule, have become targets for the "cleanup movement" after the "4 June incident." They have been declared "major disaster areas" and are considered to have more serious problems than RENMIN RIBAO and XINHUA NEWS AGENCY. There are reasons for that statement, of course. According to internal estimates, 30 percent of RENMIN RIBAO's 2,000 editors, reporters, and staff members participated in street demonstrations prior to 19 May. Among the 6,000 staff members of XINHUA NEWS AGENCY, only 18 percent participated. Among more than 10,000 employees of the two stations, fewer than 10 percent participated. These figures are based on the registration conducted by the cleanup work team that entered the two stations for more than six months. According to a CPC Central Committee regulation, anyone who participated in the demonstrations before martial law was declared can be exempted from punishment under the condition that they voluntarily register with their units. During the long 50-day peak of the prodemocracy movement, all media agencies were lax in discipline and their staff members were left to do whatever they wished. Nearly everyone went to Tiananmen Square those days and the actual number and times per person are impossible to calculate. When the traditional techniques of political movement such as one-by-one examination, informing and reporting, intimidation, and lure all failed, cleanup work teams were sent to the "three major disaster" areas. The focus of the cleanup team is on the principle party members in charge of various departments (bureaus at all levels and above), renowned editors, and reporters. These cadres, editors, and reporters are separated from the masses. They are ordered to stand aside for individual handling and investigation.

Right now the military is in total control of the three major propaganda organs of the CPC. RENMIN RIBAO and its lower level party newspaper system are actually in the hands of the Propaganda Department of the Central Military Commission's General Political Department. The director of the Propaganda Department, Shao Huaze [6730 5478 3419] (Yang Baibing's [2799 4101 0309] right hand), has long assumed personal command of RENMIN RIBAO. Previously, XINHUA NEWS AGENCY and the two stations were under direct control of the State Council. The original group of leaders were all standing on the periphery, not involved in announcing the candidates for replacement, so Li Peng's spokesman Yuan Mu [5913 2606] manipulated behind the scene. Military propaganda personnel were sent at an early stage to take over vital places such as broadcast

stations and transmission facilities. The hardline CPC leaders learned their lesson from the sudden change in Eastern Europe, especially from the Romanian revolution in December. The hardliners suddenly came to realize the vital importance of media to their fate. The media is even more important than the 300,000 martial law troops stationed in and around Beijing. The occupation of radio and television stations is indeed more important than the occupation of Tiananmen Square.

News Media Workers Cause Li Peng's Heart To Flutter With Fear

Li Peng's speech was relayed recently to the CPC cadres above the rank of section chief who work in various Central Committee organs in Beijing (the speech is one of the three documents from the Politburo). Li's speech declared without disguise that he would be reckless to the end. After listening to Li's speech, some high-level figures summarized his speech as a "three-no policy": "no relaxation," "no dialogue," and "no retreat." His speech, a "summary of experience," plausible and lengthy, was inspired by "a report on the study of developments in Eastern Europe" that he prepared for the Politburo at the CPC Central Committee international liaison department. The first item on Li's agenda right now is to block every source that causes "riot" by using the barrel of a gun and the propaganda machine.

Li Peng will not forget that when the [political] storm hit Beijing in May, 1989, it was Xie Wenqing [6200 2429 3237], the former top vice minister of radio, film, and television, who led his staff members to Tiananmen Square in support of the students' patriotic prodemocracy movement. Fifteen leading cadres above the section-chief rank from the central broadcast station and the international broadcast station, with the capital city's news media circle, joined the protest demonstration on the streets. After Li Peng declared martial law, central television station chief anchormen Du Xian [2629 2009] (member of the Chinese People's Political Consultative Conference [CPPCC]) and Xue Fei [5641 7378] took their stand in the live broadcast of the "National News Hookup Program" and refused to host that program. To the international audience, the news aired in the morning of 4 June by Radio Beijing's English department was most unforgettable. It was the first report to inform the world's English-speaking audience about the CPC Army's bloody massacre on Changan Avenue. Although this historic report is only 215 words long in Chinese, every word of it is touching and saturated with blood and tears. The report is a masterpiece unprecedented in China's news reporting history. The author is Wu Xiaoying, the 32-year-old assistant director of the international radio station's English department. Wu had witnessed the frenzied killings by the Army on the one-and-a-half-kilometer-long street between the Military Museum and Fuxingmen intersection earlier that morning. He wrote down an eyewitness account immediately after returning to his office. It begins with an appeal to the world audience: "Please remember this day, 3 June 1989. A horrifying tragedy happened in

Beijing, the capital of China." Wu continues his eyewitness report with two short paragraphs: "Hundreds and thousands of people, most of them innocent civilian residents, have been killed by armed soldiers who forced their way into the city with tanks and machine guns." Out of his sense of responsibility, Wu expresses sorrow: "the English department of Radio Beijing deeply mourns for those who died in this tragic incident." He then appeals to the audience "to condemn with us this impudent violation of human rights and the most brutal repression of people."

The Death of Radio Beijing's Russian Department Assistant Director

As the English department's supervisor on duty, Wu Xiaoying had the power to issue broadcast copy. It was Li Dan's [2621 0030] responsibility as an anchorman on duty to obey the order and read the assigned broadcast copy. This young anchorman was not taken from the studio by the soldiers rushing into the room afterward, as outside rumors described. Wu Xiaoying took the responsibility. Wu was suspended from his duties and put under investigation on 5 June. Because Wu Xiaoying is the son of Wu Xueqian, a Politburo member and the vice premier of the State Council, the military asked Wu Xueqian's instruction before they arrested and detained Wu Xiaoying for investigation. Wu Xiaoying believes that he did everything openly and overboard, without scheme: He stood fast at his post under fire and he did given instructions not to broadcast that copy; he did what was within his responsibility, reported what was true, and obeyed what his conscience told him to do. Many staff members at the international radio station praised this outstanding graduate of the Beijing Foreign Languages Institute. According to Wu's colleagues, there is another possible reason that Wu acted so heroically on the morning of 4 June. On his way to work on Muxidi Street, Wu had witnessed the Army's brutal killing of his colleague and close friend, the associate director of Radio Beijing's Russian department. This talent of the international station was hit by a dum-dum bullet and fell down on the sidewalk when he was riding his bike home from work at midnight on 3 June. He was saved by the masses and was carried to Fuxingmen Hospital. Because of the increasing numbers of wounded, the hospital ran out of blood supplies. He died slowly, in extreme misery, the following morning. There were 162 dead bodies placed in the bicycle shed of this hospital that day.

Demonstrations in Front of the Radio Broadcast Building

The case of Wu Xiaoying is still pending. The family members of the Russian department assistant director dare not say a word about his tragic death. Although the father works for XINHUA NEWS AGENCY and has only one son, he is compelled to suffer in silence like a dumb person, tasting bitter herbs. He does not even dare to release his name. Xie Wenqing, the two stations' number-one troublemaker during the riot, has been long

expelled from the party and suspended from his duties, awaiting further disciplinary measures.

Because it is difficult to win over people's hearts, the situation in the two stations has been tense inside and out. One dangerous signal is the student demonstration and the mass meeting held in front of the broadcast building on 9 December last year. Around 1700 that evening, more than a thousand people headed by the students from the Beijing College of Aeronautics suddenly broke into the compound of the station, holding the slogan: "Why are we so poor?" Six student representatives made speeches. They were even able to pass the guards and climbed upstairs to the broadcasting studio. Only then did they alert the martial law troops (who were already disguised as antiriot police) stationed at the backyard of the compound. The martial law troops dispatched reinforcements, arrested the student representatives, and broke up the crowd. From then on the troops guarding the station were increased by several fold and no one without a special pass would be able to enter the building. More precautionary measures were taken to protect vital facilities. However, one may still get terrified from observing how the national broadcast station in Bucharest fell into the hands of the anti-Ceausescu army and residents.

The ancient sages in China warned the rulers of every dynasty that "it is more important to silence people's voices than to guard the fortress." Hopefully, the few reckless, decrepit leaders in Zhongnanhai will learn from this lesson of blood, and not take people's lives lightly.

CPC-Democratic Party Cooperation Reported

900N0427B Hong Kong LIAOWANG [OUTLOOK]
OVERSEAS EDITION in Chinese No 6-7, 12 Feb 90 p 24

[Article by Yan Ping (4291 1627) and Zheng Zhong (6774 6850): "The CPC and the Democratic Parties Work Together and Supervise Each Other"]

[Text] The system of multiparty cooperation and political consultation under the leadership of the CPC is the basic political system of China. This system of political parties is different from the two-party system and multiparty system of the West or the one-party system of other socialist countries. It is a creation of the integration of Marxism with China's revolution and construction, a socialist system of political parties adapted to China's conditions. Upholding and perfecting this system is an important aspect of China's political restructuring.

The system of multiparty cooperation and political consultation under the CPC's leadership is not a product of artificial subjectivism, but a system formed and developed in the long practice of revolution and construction. During the democratic revolution, the democratic parties cooperated with the Chinese Communist Party which represented the revolutionary worker and peasant class, fought together against the big landlord and capitalist class represented by the Kuomintang and the

imperialist forces, and contributed to the victory of the new democratic revolution and the founding of the People's Republic of China. Since the founding of New China, the democratic parties have gone through thick and thin and shared weal and woe together with the CPC in every phase of the socialist revolution and construction. They are an important force of the patriotic united front, an important force in safeguarding China's stability and unity and promoting the socialist modernization and the reunification of the motherland.

It is the common task of the CPC and the democratic parties to persevere in the basic line for the initial stage of socialism, to rejuvenate the nation by building it up as a modern socialist country that is strong and prosperous, democratic, and highly civilized, and to achieve the country's reunification.

The political system of multiparty cooperation and political consultation under the CPC's leadership is quite rich in content, including participation of the democratic parties in the exercise of political power, in the consultation on major state principles and policies and on the choice of state leaders, in the administration of state affairs, and in the formulation and implementation of the state's principles, policies, laws, and regulations. The participation of democratic party members in the administration of state affairs takes many forms. For example, various forms of consultation and discussion meetings are held periodically to solicit their opinions and suggestions on the formulation of major state principles and policies. They can also participate in the administration of state affairs as deputies to the People's Congress and exercise democratic supervision over the Communist Party as CPPCC [Chinese People's Political Consultative Conference] members. Democratic party members also hold positions in government departments, especially higher positions, which is another form of political participation.

The cooperation between the CPC and the democratic parties in government organizations has a long tradition. In the early period after the founding of the people's republic, the CPC regularly consulted the democratic parties on major state principles and policies, economic and cultural development, and important questions about the united front. The CPC invited representatives of democratic parties to work in the central and local people's governments. Many democratic party members served as vice chairmen of the central people's government, vice premiers of the Government Administration Council, and ministers and vice ministers of various ministries of the central government, and they held important leading positions in provincial and municipal people's governments. This kind of cooperation played a positive role in strengthening the unity of the people of all nationalities and the various patriotic forces, consolidating the people's democratic dictatorship, opposing imperialist aggression, reviving and developing the national economy, and successfully achieving the peaceful transformation of capitalist industry and commerce. In 1956, Mao Zedong pointed out clearly,

"Which is better, to have just one party or several? As we see it now, it's perhaps better to have several parties. This has been true in the past and may well be so for the future; it means long-term coexistence and mutual supervision."

However, in 1957, owing to the expansion of the anti-rightist struggle and later the "leftist" influence, the democratic party members in government organizations were rendered powerless, and the democratic atmosphere disappeared in the People's Congress and the CPPCC. By the time of the Cultural Revolution, the absurd slogan "How can politics be consultative?" was put forward. The democratic party organizations were forced to stop their activities.

After the Third Plenary Session of the 11th CPC Central Committee, the confusion about the democratic parties' role was straightened out. The CPC further clarified the principle of cooperation between the CPC and the democratic parties: "Long-term coexistence, mutual supervision, treating each other with all sincerity, and sharing weal and woe." In the new historical period, the democratic party organizations have been quickly restored and developed, and democratic party members are becoming increasingly active and playing an increasingly important role in the country's political life. So far, 14 democratic party members and nonparty figures (including three females) are serving in such high positions as vice ministers and vice provincial governors.

As the CPC's top leader, Mao Zedong once said, state affairs are everybody's business. State affairs are not the private affairs of one party or group. As the vanguard of the proletariat, the CPC represents the fundamental interests of the masses of the working people and is the core of leadership for the socialist cause. However, there are still different classes and strata in the initial stage of socialism, and the democratic parties represent some of these people. Deng Xiaoping made a clear analysis. He said, "The democratic parties in China had a glorious history in the democratic revolution and made important contributions to the socialist transformation." "Now they have formed, with their respective memberships, a political alliance of socialist laborers and patriots in support of socialism, and have become political forces serving socialism under the leadership of the Communist Party." Their unity and cooperation with the Communist Party in government departments have made these organs of state power more extensively representative and have enabled these organs to more extensively reflect the opinions of the masses of the people. By joining government organizations, the democratic parties can bring into full play and strengthen their administrative and supervisory role.

As it now seems, the 14 democratic party members and nonparty figures holding high positions in government are mostly in the prime of life, relatively well-educated, and equipped with certain professional knowledge and practical experience. Particularly some democratic party

members, who have engaged in scientific and technological work for a long time, are known for their erudition in science and rigorous work style. This is the solid foundation for them to do a good job in government work and also what makes them go among the masses, pay attention to reality, and follow scientific rules after becoming officials. Since he became vice governor of Hubei Province, Han Nanpeng [7281 0589 7720] has traveled the length and breadth of the province. He inspected in person a primary school in Xiguping Township, Shennongjia Forest Zone, in western Hubei, which the local county head had never visited, and solved problems on the spot.

Most of these people have had some unusual experience. Owing to family backgrounds or other reasons, some of them were wrongly designated as rightists. Historical misunderstandings and hardships in life did not change their love for the motherland, their pursuit and conviction, and their faith in the Communist Party. When they were pushed onto the political stage by the tide of history and acquired some power, they did not get carried away and take the opportunity to seek personal gain. Instead, they have become even more modest and prudent, worked conscientiously, and dedicated their efforts to the cause of the four modernizations.

Because they are not "ornaments" or "foils," but active and conscientious public servants, they have won the support of cadres and the masses. Many of them were elected, and some have been reelected, at the People's Congress by huge majority votes. Their "competition" with CPC cadres in elections is conducive to the building of socialist democracy in China, to improving and strengthening the leadership of the Chinese Communist Party, and to prolonging the political stability of the country and promoting the reforms, opening to the outside world, and modernization.

To be sure, the number of democratic party members serving in high government positions are still quite small, and their positions should be even higher. The reasons for this are many. But, with the deepening of China's political restructuring, the improving of China's democratic political construction, and the development and strengthening of the democratic parties themselves, it is believed that the political situation, in which the Chinese Communist Party and the democratic parties work together and supervise each other, will be further developed.

CPC Reacts to Political Climate in Universities

90ON0398A Hong Kong CHAO LIU [TIDE] in Chinese
No 36, 15 Feb 90 pp 25-27

[Article by Cai Senhe (5591 2773 7729): "From 'After-Hours Meetings' to 'Cut Out 17 Million'"]

[Text] In the northern winter, snowflakes drift down everywhere and the cold air is oppressive. This year, there is no shortage of meat and vegetables in Beijing during the New Year, and the folkloric performances at

Ditan Park are popular, but there is a shadow that has not yet been erased from the minds of intellectuals. They hope for freedom and democracy, but freedom and democracy are still very far off.

Chat About Changes in East European Situation at After-Hours Meetings on Beijing Campuses

Before the New Year, the CPC handed down "red-lettered documents" and "study materials" instructing party committees in each locality to be on guard against "disturbances" among the masses, and the party committees of each university in Beijing have made their "most important task" the dispelling of "campus incidents" by weakening the influence of the changes in the East European situation.

To university students in Beijing who are relatively endowed with the spirit of independent thinking, the enormous wave of mass democratic movements in Eastern Europe and the execution of Ceausescu are extremely exciting topics. "Bold elements" at Beijing University drink beer and smash the bottles (to symbolize smashing Deng Xiaoping) in the dormitories and cheer the overthrow of Ceausescu by the people, in order to express their hatred of the policy-maker behind the "Beijing massacre." They themselves call this "cursing the emperor behind his back," and say that when one cannot curse the emperor to his face, cursing him behind his back also provides satisfaction. Some intelligent students say that now is still the period of *Hai Rui Curses the Emperor* (in the early period of the Cultural Revolution, *Hai Rui Curses the Emperor* was referred to as a "poisonous weed" critical of Mao Zedong).

Since Li Peng's trusted follower Wu Shuqing [0702 2885 7230] assumed leadership, the Beijing University CPC Committee has strengthened control of the students. Naturally, it is aware that the students are making oblique accusations, but in order to prevent the situation from expanding, it has not asked the Public Security Bureau to make arrests, and has only covertly increased surveillance.

Students want very much to obtain news about the democratic movements in Eastern Europe and some listen secretly to the Voice of America and BBC broadcasts, and, if there is new information, secretly pass it on. This is called "sharing happiness"—being able to hear the people of Eastern Europe bitterly denouncing tyrants and the sounds of democratic demonstrations is also a kind of "happiness" to them.

What is most interesting is that "after-hours meetings" are now popular on Beijing campuses. In the evening, before putting out the lights and going to sleep, roommates lie in bed "talking idly" and exchanging news of the situation in Eastern Europe, and each one makes comments. Most are rambling "miscellaneous discussions," but there is also a strong flavor of "letting a hundred flowers bloom and a hundred schools of thought contend."

These "after-hours meetings" were later discovered by the school CPC Committees, and the committees told the "activists" in the dormitories that they must "immediately report the situation." However, many "activists" were not well disposed toward the "Beijing massacre," and, although the "after-hours meetings" discussed East European affairs, most of the students were giving vent to their feelings by "pointing at one thing while abusing another," and therefore were not particularly willing to make reports.

Some less bold students do not participate in "after-hours meetings" for fear of being reported and having their mistakes seized upon, but are frequent participants in "coffee chat meetings"—they invite close friends to coffee houses to dawdle and discuss in low voices the changes in the East European situation and its democratic movement.

Don't Make Trouble During the New Year, Add a Little Lubricant!

In the past few months, the CPC has been most concerned that there would be an "East European chain reaction" in Mainland China, and in addition to "strictly controlling campuses," the CPC has also been keeping a very close watch on workers, individual entrepreneurs, and intellectuals.

Various localities in Mainland China have cut down on capital construction, and there has been a great increase in unemployed workers. "Hidden unemployment" caused by inadequate production by factories and enterprises is also becoming more serious day by day. The unemployed rely on a small amount of relief funds to get by, and the "hidden unemployed" receive only half or even one-third of their wages, while prices last year rose sharply almost 20 percent, so that their home life is very difficult. The "disturbance" that the CPC fears most is for these workers to demonstrate in the streets and "intensify the feelings of the masses," causing a situation like that in Eastern Europe, in which the various levels of the masses pour into the streets.

Therefore, the CPC handed down "red-lettered documents" instructing the party committees of each province and municipality to resolve "social contradictions" and make stabilizing the situation their main task. Among the specific measures for this so-called stabilization of the situation, one is to give over 80 percent of staff and workers a "one-grade pay raise," increasing monthly wages by about 7-8 yuan to 10 yuan. The second measure is to increase relief for those "awaiting employment" (the CPC calls unemployment "awaiting employment"). The third measure is to "give appropriate supplementation" to staff and workers with reduced household incomes.

Beijing intellectuals secretly call these measures lubricants for resolving "social contradictions."

Forcibly Sending Back Unemployed Peasants Who Came to the City To Work

The floating population of large and medium-size cities is too great and is viewed by the CPC as a factor causing social unrest.

"Floating population" refers to a locality's unregistered population. Most are rural surplus labor who came to the city to work—temporary construction workers, porters, household servants, and the like. There is also a large rural "unchecked influx" population that has not found work. In addition, there are purchasing agents, salesmen, and peddlers from other parts of the country who are doing poor business.

The floating population can very possibly become a powder keg and, once discontented elements set off demonstrations and petitions, it is very hard to prevent an "emotional response" from occurring in society. Therefore, the CPC continuously hands down documents ordering that the population which has flowed unchecked into the cities be put in order, and that "unemployed vagrants" be sent back home.

The so-called "unemployed vagrants" are unemployed peasant workers. After the CPC cut back on capital construction and the "third industry" (that is, the service industry), the rural surplus labor force which had originally come to the city to work became the city's new "population awaiting work." The CPC regards them as potential creators of "disturbances," and has therefore put them in the contingent that will be sent back home first, along with the "unchecked influx" population.

In the early 1960's, there was a major famine in Mainland China. The cities closed many factories, enterprises, and schools, and cut back 20 million people, all of whom were driven back to the countryside for "settlement." This was the policy thought up by Chen Yun [7115 0061] for dispersing the urban population.

Not long ago, Li Peng "studied Comrade Chen Yun" and ordered "chopping off 17 million." "Chop off" is a popular CPC term, broadly used to mean cut back or reduce; for example, cutting back on capital construction is called "chopping off capital construction." "Chopping off 17 million" does not mean chopping off the heads of 17 million people, but rather sending the aforementioned "new unemployed population" back to their original homes.

They were originally rural surplus labor, and if they return home have no work to do. However, the CPC has experience in wearing down the strength of peasant rebellions and has ordered rural cadres to force peasants to go build water conservancy projects and reclaim barren hills and unused fields. The actual results of these rural works are very slight, but through them it is possible to achieve the goal of controlling the peasants and preventing them from staying in the cities and "creating disturbances."

The dramatic changes in the situation in Eastern Europe has aroused the vigilance of Deng Xiaoping and other people in power. Although they continue to "oppose bourgeois liberalization" and keep close watch over democratic intellectuals, there has been no further escalation in leveling charges against Zhao Ziyang, and certain high-level cases that Li Peng originally could not take his eyes off have for the time being "not been raised to the higher plane of principle." It is reported that this is in order to avoid overly intensifying "contradictions within the party."

Of these cases, the one that has had the widest influence is the petition signed by Hu Jiwei [5170 4921 0251] and a large number of members of the Standing Committee of the NPC [National People's Congress], calling on the Standing Committee to convene an emergency meeting to discuss dealing with the student movement. All of those signing the petition were supporters of the reform faction of Hu Yaobang and Zhao Ziyang, including Qin Chuan [4440 1557], Hu Keshi [5170 0344 1395], Hu Dehua [5170 1795 5478], Jiang Ping [3068 1627], and Li Yining [0632 0110 1337].

After the 4 June incident, Li Peng faction members created a disturbance in the NPC Standing Committee and called for an investigation of the Hu Jiwei petition incident, and the experienced NPC Standing Committee chairman, Wan Li [8001 6849], was compelled by the unfavorable climate to state that he would establish an investigation group to investigate the facts.

According to information from the children of high-level cadres, the result of the investigation was that Hu Jiwei's initiation of the petition was in no way unconstitutional, and even if there was discussion of recalling Li Peng, this was within the authority of the NPC Standing Committee, and there was really no way to raise this to the higher plane of principle as antiparty or antisocialist. Wan Li is the general of the reform faction and is on familiar terms with Deng Xiaoping's "bridge playing." The position statement that he issued when he returned to Shanghai from the United States was compelled by the critical situation in which the "patriarch" had gotten angry with Zhao Ziyang and the latter had fallen from power. This was an application of the strategy of "taking two steps backward and one step forward." After the student movement calmed down, Wan Li slowly recovered from Deng Xiaoping influence in some respects. It is reported that he told Deng that the most urgent task now is to prevent the masses from "creating disturbances," and that it is inadvisable to make overly hasty decisions on certain issues within the party. Therefore, Deng tentatively agreed to lay aside the Hu Jiwei petition case.

However, the CPC powerholders' "post-autumn settling of accounts" with democratic intellectuals is by no means completed. Democratic movement leaders in intellectual circles—Bao Zunxin [0545 6690 0207], Liu Shaopo [0491 2556 3134], Cao Siyuan [2580 1835 3293], Zhang Xianyang [1728 7359 2254], and Wang

Ruowang [3769 5387 2598]—are still in prison, and even people only slightly active in the democracy movement are still being detained. The lifting of martial law in Beijing is only a diplomatic game, and the same old dictatorship is still in operation there.

University Students Seen Demoralized

90CM0029A Beijing DAXUESHENG [UNIVERSITY STUDENTS] in Chinese No 2, 10 Feb 90 pp 22-25

[Article by Gao Yan (7559 1693): "Cast Aside Arrogance, Break Away From Dejection"]

[Text] Following the disturbance that took place during this past spring and summer, many university students experienced a feeling of being thwarted and lost, and were in a perplexed and downcast state of mind.

The violent changes and final outcome of this disturbance was something they did not expect.

This important lesson that was paid for in blood was difficult for their naive hearts to comprehend and accept.

Even when those who might have been unintentionally drawn into the upheaval and then fell deeper and deeper into it look back on what occurred, they are baffled by what happened.

They still have not awakened from the bad dream even though they are being criticized from all directions and undergoing a heavy onslaught of education. They have never before gone through this type of soul-stirring political struggle, and it is also the first time in their lives that they have experienced this type of serious and conscientious political education.

They are very sensitive regarding and pay close attention to the evaluation of university students made by society. If we say that formerly they were looked upon with "special respect" and deep love and admiration, now we can say they are viewed in a different way, as ones to blame and suspect.

Some students have written the following antithetical couplet: "At first we wanted to sweep away all those who dared to block the way or would dare to discipline. We would try to completely discredit those who would not join in our condemning and challenging. On the horizontal scroll was written the following: We were wrong to imitate the past." The content of this antithetical couplet does not need to be discussed, but a strong feeling of being lost can be seen in it.

Many university students are emotional. They let their emotions decide their way of thinking and let emotions determine their behavior. In this feeling of being lost, some students without consideration for anything have jumped into the "battle of TOEFL" [Test of English As Foreign Language] and the nearly insane "upsurge in going abroad." This is a negative state of mind of being detached from reality and evading responsibility. Some

students have joined the ranks of "numb faction" [mapai 7802 3175] and "happy-go-lucky faction" [yuan yang pai 7696 7699 3175], and they waste the time away with all kinds of short-term, self-neglectful activities.

This strong feeling of loss and dejection, in one respect, is due to the big swing in how society views university students, which the students' hearts can hardly bear, and, in another respect, is due to their feelings of being heroes and superior. These feelings that sustained their inner world for a long period have now been dashed against reality, which has caused their spirits to fall.

At present, perhaps it would be beneficial to review the lessons learned from the rise and fall of the Red Guard movement.

In the summer of 1966, during the historic period when the movement began to spring up in schools, Chairman Mao Zedong expressed his "earnest support" for it, and called on the Red Guards to liberate the minds of all mankind and to go out and strive to unite with all people who can be united.

Political careerists such as Lin Biao and Jiang Qing adopted a policy of "exalting" the Red Guards. Lin Biao put forward his "natural and theoretical mass movement," and lavished praise on the Red Guards as "troops from heaven who would go out and arrest class enemies of all description." They sought to use the Red Guards' political fervor and blind attacks to achieve their sinister goal of "overthrowing everything without overthrowing themselves."

The Red Guards of that time were truly "the favorites of the day" and "the favorite sons of society." Their actions touched everywhere, they lashed out at everything, and stirred up trouble in all locations. From cities to the countryside "Red Guard reception stations" were located where they could eat free and get free transportation. The Red Guards truly turned things over in a violent way that engulfed all of society. Who would dare to question or control them? At that time, there was a fashionable and celebrated saying: Anyone who tries to suppress the mass movement will definitely not come to a good end.

Once people get dizzy with success they start doing as they please and their deep-rooted bad habits are then exposed. Very quickly an ultraleft trend of thought and thoughts of anarchy enveloped the Red Guard movement, and its political fervor was channeled into the orbit of a political plot, which greatly increased its material destructive power.

At the beginning of 1967, Mao Zedong dictated that university and high school students undergo military training. Newspapers at the time were calling for the Red Guards to carry out rectification and requested that they have the authority to uncover "capitalist roaders" as well as "selfish" thinkers among their own ranks. Following this, Mao Zedong again issued instructions: We must lead the small number of those in our ranks who possess

bourgeoisie ideology into the sphere of the proletariat class. However, by this time the various levels of party committees and government had been shattered. The cadres and school teachers were either thrown out or pushed aside, the mood of society was not "three maidens teaching the son" but "the son teaching the three maidens." The Red Guards were overly ambitious and went too far to the left. Except for the feeling in their hearts that the Central Committee held "absolute authority," they felt no one else amounted to much. As a result, basically no military training, rectification, direction, or education could be conducted.

For more than a year after this, many universities were engaged in continuous battles, incessant ideological training, the country did not have a day of peace and nor did the schools. Society became more and more intolerant toward this situation. On 27 July 1968, Mao Zedong sent workers and Peoples' Liberation Army propaganda teams to Qinghua University to implement having the working class occupy the superstructure. They constantly encountered violent resistance from students, and, in that one night, five workers were killed and over 700 workers and army troops were injured. On the morning of 28 July, Mao Zedong urgently called in the "five main leaders" of the Red Guards in the capital and sternly criticized them; he said, "You are not leaders, judges, or reformers; the leadership is the leadership, and it will handle direction of the military. You all have swelled heads, are too full of yourselves, and do not listen to anyone."

This ended the situation of having the Red Guards in charge of schools throughout the country, and also to having large groups of students go and work in the countryside and mountain areas to be educated by workers, peasants, and soldiers.

Students at that time endured a political storm and underwent a lot of actual practice and tempering in society. They were not as frail as the students of today. Even though some were disheartened over politics and had lost interest in their vocation, the majority did not change their beliefs or lose their self-confidence, but took the route of backing down and sticking to the basics. Under adverse conditions, the students settled down and went on with their pursuits, gained a skill, and established themselves.

After the 10 years of turmoil, those so-called Red Guard leaders and those elements that engaged in beating, smashing, and looting while "savagely achieving their goals" were punished according to law. Some of these people gave the following emotional statement in court, "I have paid the price for bringing disgrace and ruin on myself, and now have an understanding of what is common knowledge." "I am unworthy, have committed offenses, caused injury, and have come to this end."

The erroneous nature of the Cultural Revolution determined the tragic end of the Red Guard movement. The lessons from this movement are clear: When young

people have the upper hand and are proud of themselves they must not get swollen egos and lose their heads. When they lose power and are disappointed, they should not give up on themselves or be self-neglectful. It is important to know one's own limitations. No matter what other people say, the most important thing is to know oneself.

Historical incidents are not mere repetitions of the past, but historical lessons are often repeated again and again. In the disturbance that occurred during this past spring and summer, some university students got swept up in the commotion and could not extricate themselves from it, they could not stop once they saw what was really going on, could not stop the demonstrations at the proper time, and could not judge the hour and size up the situation in order to find a reasonable route through dialogue and compromise. One important reason for this was their swollen egos and that power went to their heads. In this political struggle they adopted an attitude of being ignorant of their responsibilities and of naivete.

What university students most hate hearing is that they were duped and used, but the harsh reality is that they gradually fell into the trap of a sinister political plot, and became the victims of certain politicians.

In the last few years, families, schools, and society have doted excessively on, had high expectations of, and been exceedingly tolerant of university students.

Recalling a social survey conducted four years ago, university students topped the list in the comparison of 13 social positions. This reflects that after years of absurd destruction of knowledge and talent, the people were yearning for knowledge and skills, and also showed the excessive hopes and unrealistic praise they had for university students.

It is hard to live up to a great reputation. University students are, after all, receiving an education. They are in the stage of obtaining knowledge, gaining experience, and preparing for the future. The students have not yet matured ideologically, mentally, or in their studies; they are in the process of being molded by training. They are preparing their skills to be the successors of the future. Whether they can gain a skill and be established in a profession depends on their being tested in actual practice.

For the last few years, outstanding and talented have been the most important and most often used words when evaluating university students. This excessive doting on and praising of university students has encouraged a blind sense of superiority that has them thinking highly of themselves and showing disdain for others. The students gradually caused the relationship they have with teachers, the masses of workers and peasants, and the party and government to become blurred. This confusion made the education and supervision of university students more and more difficult. The education and supervision of university students became a knotty social problem that was a headache and made people sick at heart.

In the last three or four years, the reputation of university students has slipped constantly. The main reason for this was not that the quality of personnel changed or because of lower knowledge caused by inverted thinking, but because of the social image that the students portrayed gradually changed.

Units that utilize personnel have reported that in recent years university students have not been as useful and their "practical value" has decreased. There has been a large increase in students going abroad to study; however, the number returning to work in China has decreased constantly, and not a lot is expected of those who do. The higher a degree someone has, the greater the person's ability, but if they have no desire to take root in China and are unwilling to serve society and resolve real problems facing China, then what good are they?

Since 1985, there have been yearly disturbances in schools that have continually intensified. Even though the educational upsurge reflected understanding along with dissatisfied and reasonable requirements, it also revealed an intensifying trend toward liberalization, anarchy, and showing disdain for workers and peasants. These disturbances by university students created a worrisome social problem that has led to people thinking of university students first in regard to social stability. During these years, the government, society, and colleges and universities did everything possible to pacify the students, and took great care not to infuriate them. This appeared to ensure the special and preferred status of university students, but, in essence, what it really did was increase the gap and misunderstandings between the students and society.

The upheaval of this spring and summer caused the image of university students, which has been slowly declining, to take a drastic drop.

During the early stages of the upheaval, because the students dared to touch on malpractices in social life, such as corruption, official profiteering, bureaucracy, unfair assignments, and so forth, for a time they attracted sympathy from society. However, as emotions went up and the students lost their bearing, the people began to feel more and more that this was not right.

The tint of liberalization became ever stronger and confrontation with the government gradually increased.

A trend of adoring Western ways became more evident and behavior that was nondemocratic and illegal also intensified.

The student movement became more and more closely connected to hostile political forces and antisocialist forces.

This protracted social chaos disrupted the normal order of the people's lives and work. The people could not help but have thoughts of the 10-year-long chaos repeatedly cross their minds. Because this upsurge in academic institutions was drifting farther and farther from the masses, the social attitude turned against the movement.

The people opposed it by being on guard, were fed up, drifted away, and denounced it.

The masses of workers and peasants pay the most attention to reality; first of all, they judge the good and bad qualities of something from its personal benefit, and then decide what to discard and what to retain.

What good will "total Westernization" do for them? What does polarization mean to them? What relationship do they have with this refined democracy? What material benefit will multiple political parties and a separation of powers give them?

Lenin had a famous saying: An army that losses a battle is perfecting its study. True understanding and maturity often comes to one only after suffering a setback.

Following the disturbance, the university students began the arduous task of reversing their thinking. This is a painful and slow process. The people are happy to see that more and more university students are casting aside wild arrogance and breaking away from dejection, and are beginning to seriously consider the questions: What path will China take in the future? How should we proceed with reform? What path am I to take myself? This shows that China's university students are making a leap in their thinking, are having a new awakening, and gaining new maturity. In 1979, when China was bringing order out of chaos and changing old bad habits in order to right things that were wrong, university students took the lead in crying out "work on the four modernizations should begin with me, and it should start now." In 1981, university students again took the lead with the strongest voice in calling for a period of "unite and vigorously develop China." Recently, some university students on the basis of reversing their thinking rose up and called for "working in unison to again create a national spirit."

The party, government, and people are following with great interest and are eagerly awaiting students' progress and maturation. Not long ago, Deng Xiaoping pointed out, "The phenomenon that has taken place recently with university students is gratifying, they are truly getting a great education in their reverse thinking." He feels that as long as they keep cool heads, improve on reflection, summarize experiences, and accept lessons learned, that the majority of personnel will settle down, and the students' thinking will also settle down.

Disillusionment of University Students

Faithless Life

90CM0031A Beijing DAXUESHENG [UNIVERSITY STUDENTS] in Chinese No 2, 10 Feb 90 p 24

[Article by Shao Yanfeng (6730 1693 2800): "Open Up Your Window"]

[Text] It seems that on today's campuses faith is an ancient myth, and in the eyes of some friends, it has too many difficulties to cope with, which serves only to gloss

over the memories of elders or as tricks in which students engage when bored.

However, during the uneasy silence after you have spread these thoughts or played these mental tricks before a crowd, have you ever earnestly asked yourself, am I not casting a shadow of myself just as would be by sunlight; could it be that we can live in a world without faith? It is just as in going through four years on a college campus, if you offend people and then turn away, no matter if it is at the beginning or near the end of your schooling, can you be surprised that these people are indifferent to you, and even if you stop, does it not seem as though you have lost something?

Let us say that you have always been a hard worker and continue to work hard. You immerse yourself in study for "four years" and now for "TOEFL," [Test of English as a Foreign Language] and, say that you have always been happy, you enjoy dances, movies, and the leaves of autumn, you have always been likable, still have a childish charm, and do everything in a natural way. As a result of this you would probably believe yourself to have faith, is this not correct? When in primary school you always thought about getting into middle school, and in middle school you worked hard to get into college. Now, you have discovered a desire to take "TOEFL," which can also be regarded as a kind of faith, but what will happen after this? If you were fortunate enough to realize all your goals, will you be able to continue setting future goals? Will you believe in yourself enough to keep making progress, and will you always have such good fortune? Suppose you suffer a serious failure in something, what will you rely on to carry you through with your plans without looking back?

You could say that you do not need any faith, that you are content and have more activities to do in a day than you can accomplish: Attending class, going to the library, eating, talking with friends, and listening to popular music. This seems like a happy life. (Are not most of our days spent like this?) However, at night when you are on the verge of sleep and drifting off into darkness, do you not feel that something is missing? There is a popular saying in college which is that weekends pass the slowest. Is it not true that even with the commotion of the day you are still lonely and you have no way to express your loneliness? When in such a lonely state, where can you find solace? We are still very naive. The followers of Marx searched painstakingly for dozens of years before finding truth; it is not likely that the faith to follow our convictions can be instilled in each of us in one morning. However, just as one cannot use the clouds to cover up the sun, we can also not evade the situation above. Furthermore, the farther one drifts away from the course the more one feel it calling. The reason for this is that everyone has a restless spirit that cannot stand helpless solitude and that cannot bear a spiritually faithless roaming life, but that is always looking for its home. Those who are roaming aimlessly are friendless and unreliable, and because they have lost faith, their minds drift off into all directions, and helplessly drown in

resignation. How many of life's heavy burdens are the hearts of young people to bear? Our lives have just started, but who knows when this group of aimless spiritual lives swelled up. Even though we get tired of this and make up our minds to make amends, we still do not want to lose "our self," but how reliable is this "self," can it sustain one's life? People will always be somewhat spirited and will always have a lofty spirit because hidden in the innermost part of every kindhearted soul is the longing to open up all the windows and let the sunlight shine in.

Escape From Reality Seen as Way Out

90CM0031B Beijing DAXUESHENG [UNIVERSITY STUDENTS] in Chinese No 2, 10 Feb 90 p 25

[Article by Mao Zhiyan (3029 2535 1750): "Why Does the Sun Always Set on That Side of the Mountain?"]

[Text] It is becoming increasingly difficult to shake off the feeling of depression and needless worries about things we cannot understand.

On many silent nights there are solitary figures walking along dimly lit boulevards bordered by small hills covered with brambles from which come the desolate twittering of insects. In this type of place that lies on the fringe of the mortal world and nothingness, these people imagine they can obtain inspiration from the netherworld, however, without exception this ends up as a tragedy that makes one want to laugh and cry at the same time. As a result, depression and annoyance also sneak up and intertwine with their souls and lost thinking. What will come of this?

What will they lose?

We must still walk outside, pass through that ivory tower of depression, pass through the conflicts between Marxism and Buddhism, pass through the demonic changing of chlorophyll and genetic codes, work through our self-puzzlement and the callouses we weave with our own worries, all the things we worry about, common customs, and ignorance, and work through the anxieties and disappointments caused when reality and ideals collide.

Things that cannot be surmounted are evaded; however, isn't evading everything the same as surmounting it?

We must still walk outside. Go out and look at the sparkling light dancing on the tips of leaves, green bristlegrass on high slopes bathed in heavenly wind, and birds giving their lonely calls from within shrubs in mountain forests. There are also the dewdrops lolling on petals, indistinct mountain shapes seen through creamy white evening mist, clouds floating through the blue sky, and the sound of the flute from the shepherd boy on the oxen's back. Perhaps the glow from the sun setting in the Western sky painted the perfect picture. It was as though my heart became clear and a gentle and soothing song was floating ever nearer.

However, why does the sun always set on that side of the mountain? Yes, but why can we not forget all this? Why can we not cast away all our ideology, purge our souls, and, like that blade of grass, flower, breeze, and flute, not search for anything, not hold expectations, and not think about things so that we will not be bewildered, have worries, or feel dejected? A life is so brief that it is like a shooting star to eternity. Life is so insignificant that it is no more to the universe than a millet seed is to the sea. Life is infinitesimal, the universe infinite, and the affairs of human life proceed in a 60-year cycle. With human affairs being so vast, why bother to "search high and low"? Studying the old customs, the book of changes, and modern deep-breathing exercises are ways to enlightenment—cross your legs, close your eyes, and meditate.

Even the foreigners' Jesus, the possibility of Western paradise, and the Muslim Allah are all worth studying. Is it not said, "every flower is a world, and every grain of sand a heaven"?

How is it that we have not been able to find our flower? It seems that the soul is destined to be tormented. This suffering cannot be avoided, so the only other thing one can do is to anesthetize oneself to reduce the suffering and to avoid having one's soul and thoughts twisted by this suffering, which would only create new suffering.

I own only the sun that is setting behind the mountain, where do I go to search for my lost flower?

Resignation to One's Fate

90CM0031C Beijing DAXUESHENG [UNIVERSITY STUDENTS] in Chinese No 2, 10 Feb 90 p 37

[Article by Yu Zhengwen (0151 2398 5113): "Resigned to One's Fate"]

[Text] I am resigned to my fate. When I was young, during a divine fortune telling I drew out the single bright red bamboo slip that was mixed with several hundred slips in a large bamboo tube. The fortuneteller believed that I would become a famous person in the future. My mother was very thankful and the scene of her giving the fortuneteller five yuan is still fresh in my mind.

During one summer vacation, after I had started junior middle school, several geomancers who had traveled all over the world wrote the following 10 lively and vigorous characters on the doorpost of my home, "The talent hidden here will be a pillar of the state, the person who will rule the nation lies here." This coincided with what happened during the divination when I was young; after this I became very smug. After eating a sumptuous meal at my home, the geomancers said, while patting my head, "The place where this child lives is good, very good." Their praise appeared to come from the heart.

One day after I was in high school, several classmates and I were strolling along the street when we encountered a young man who exuded a contemporary air from head to toe. This man stopped us, smiled broadly, and cried out, "Ah, you are all rich and honorable men! Come, come, let me look at you and tell your fortune, free of charge!" Saying this, he grabbed my hand in a haphazard manner. I carefully pondered this situation without saying a word, while he repeatedly examined my hand and with urgency said, "What a destiny, you have the lifeline of one in a hundred! Bright eyes, thick hair, full forehead, you are truly blessed with good looks. You will definitely become rich and honorable!" At first, I felt disdain, but as my feelings turned to pride, I saw his expression change and he said, "you have a good destiny but I'm afraid you are in for some difficulties in the near future, you must not be careless; if you buy my incantation that protects you from disaster and say it 10 times each day, you will be protected. Each incantation is only one yuan!" Without hesitating, I took out one yuan and bought an incantation. I returned to school in a state of anxiety and forgot to recite the incantation each day. Consequently, one Sunday I fell and broke my arm while playing basketball and was hospitalized for five days. After leaving the hospital I looked for the incantation but could not find it anywhere.

Now I have entered college and my future, on the whole, has been decided. I can only give a sigh concerning the feelings and trust I often search for.

I am fascinated by the work of researchers and am geared toward learning. I examine my own hand and my face is distorted by suffering, I am possessed.

One day as I awoke, I suddenly felt so stupid. I felt as stupid as the group of young students pictured in a newspaper ad who surrounded a fortuneteller, openly asking his advice on love, marriage, and family. Things will turn out as they are meant to, why should we be in a constant state of anxiety? I find consolation in myself.

Environment Fosters 'Muddling Through'

90CM0092A Shanghai SHEHUI [SOCIETY] in Chinese No 2, 20 Feb 90 pp 36-37

[Article by Qing Lan (2532 1526): "The Environment of 'Muddling Through'"]

[Text] Beginning we do not know when, we have been enveloped by a climate of "muddling through." People take a "muddling-through" attitude toward their lives. After some ingenious calculations and juggling, they manage to muddle through one-third, even one-half, of their eight-hour workday. How they muddle through varies from person to person, but the variations are staggering. One thing is certain, however, namely, they do as little official work as possible. In the past, people "muddled through" at work, but became bright and eager after work. Today people take things much easier in their after-hours as well. The "study fever" and "diploma fever" of a few years back have been replaced

by an ever-rising "mahjongg" fever involving everybody, men and women, young and old. People devote their time, which is life, to mahjongg, game after game, as if there were nothing else in life that could fill the void in their souls. Engulfed by the climate of "muddling through," many people just idle away their time, not giving serious thought to anything. All day long they feel demoralized and are indolent spiritually and physically.

If "muddling through" is the attitude toward life or the lifestyle of isolated individuals, it would be merely a personal tragedy for those people. But when "muddling through" is a widespread mentality among members of society, it becomes an enormous impediment to the development of social production and the progress of civilization. Naturally we should feel concerned about it and ponder it at length.

There is a latent inertia in us that makes us unwilling to put up with too much pressure from life. But this is just one reason why "muddling through" has been corroding us readily like the flu. Objectively speaking, there are conditions and elements in the real-world environment that make it possible for people to muddle through.

1. Eating-from-the-big-rice-pot distribution method.

According to the principle of distribution according to work, a worker is paid an amount of means of livelihood equal to the amount of labor he puts in production. Its essence is the more you work, you more you earn; the less you work, the less you earn; and, if you do not work, you do not earn anything. Its purpose is to encourage workers to work as hard as possible. However, when distribution according to work is distorted to mean the egalitarian eat-from-the-big-rice-pot method of distribution, the amount of labor expended does not match the wages of labor. For instance, when Worker A has to produce merely five articles to earn what Worker B earns by making 10 units, the latter would emulate the former. Since this kind of egalitarian distribution method rewards unequal amounts of labor with equal wages, it inevitably dampens the enthusiasm of the person who puts in the greater amount of labor, persuading him to stop expending the extra amount of labor and "work according to wages." As a result, you muddle through, I muddle through, everybody muddles through. After all, it makes no difference how hard or how well one works; everybody "eats from the same big pot." "Eating from the big rice pot" is the most fundamental cause of muddling through.

2. The labor and personnel allocation system that places a person in a job for life.

Since people differ in intelligence, personality, temperament, and so on, they are right for different jobs. For example, some people are better at a particular line of work than others. In the past, we followed the precepts—"do whatever the party asks me to do"—and "accept the organization's arrangements in everything" religiously. Meanwhile, personnel departments had overall control of allocation. Under these circumstances, the individual

was placed in a job by the personnel department completely passively in accordance with the needs of the time. Moreover, once placed in a job, he would be there for life. Switching jobs was difficult unless he had physical changes which rendered him unsuitable for his job. This rigid personnel system suffocated the diversity in our individuality. Not only did it deprive the hiring unit of the freedom to choose the right worker, but it also denied the worker the freedom to choose a job suitable for him, thus severely impeding the optimal combination of workers and jobs. The fact of the matter is that when a person is placed in a job not right and not enjoyable to him, he cannot make the most of his physical, intellectual, and creative abilities. Even worse, when a system makes it hard for a person to change jobs legally, people will be likely to adopt a negative, passive, and uncooperative attitude toward their jobs, which they do not like. This is what is usually referred to as "muddling through." To say this is not to suggest that only when people are free to choose their jobs can they tap their potential to the full. This is because even today, when we have reform and the open policy, when the labor and personnel system has begun to move toward "face-to-face contact between the employer and the employed" and "dual choice," the freedom we have in choosing jobs is still highly limited, constrained as we are by the present level of productive forces. Usually, the number of people skilled in any one line of work may not necessarily equal the size of manpower needs in that area in society. If everybody is free to exercise his talents in the trade or profession he is most proficient in, there may not be enough people to fill some socially necessary jobs, while there may be more jobs than are needed just because many people excel in them. Therefore, what happens is that only a tiny minority of people can choose their profession freely while the overwhelming majority of the population cannot do so. They may be tied to a certain trade or job for life.

But the point is that our society should open up a way to spur people to search for their best jobs and create a competitive mechanism to encourage them to switch from one job to another and, in doing so, realize their ultimate goal of all-round personal development. Imagine, once people are free to engage in their favorite line of work and are able to update their skills, how can "muddling through" take hold among members of society?

3. The tradition of seniority.

According to studies, young people account for a considerable portion of people who muddle through. We cannot but call this a tragedy of our society. Logically speaking, we should be ambitious, energetic, and enterprising in our youth, a time when we forge ahead and accomplish a good deal. Why then do so many young people in real life wallow in degeneration, content to lead a lifestyle that is aimless and driven by inertia? Besides the two factors mentioned above, the tradition of seniority prevalent in society is also a barrier that prevents some young people from advancing. "If you have no moustache, you are not a steady worker." "Only old ginger is hot." These common sayings show that

older people are more reliable workers by virtue of their solid experience, but they also tell us how we as a society view young people. Influenced by the tradition of seniority, some units and departments often look at a person's age, seniority, diploma, and even the impression of a certain leader rather than the actual results of his work in evaluating his job title and determining whether or not to increase his pay or upgrade his duties. This is precisely why a number of young people do not bother to improve themselves and get ahead. "The daughter-in-law will become a mother-in-law in due course." There is no need to work your guts out for pay raises, job title evaluations, or promotions; they will come your way if you just stick around and wait long enough. When you grow a moustache, get to be of the right age, and have the right seniority, you will have your share of pay raises and job title evaluations. When people realize that they will succeed whether they work hard or muddle through, they will certainly choose the latter, which, after all, is much easier.

4. The environmental pressure of the "microclimate."

In any unit or department, when people who "muddle through" reach a certain number, they form a "microclimate" within the unit or department. Within this microclimate "muddling through" is the norm, the standard. It becomes normal and acceptable to muddle through. As for the steadfast worker, he is seen as unacceptable. The microclimate becomes the code of conduct for the organization, a product of the interactions between its members. Once formed, it exerts pressure on those members who do not want to muddle through but must do so anyway out of fear of being isolated. This situation is commonplace in production teams and groups in certain enterprises. The assembler who works faster will be taunted by his peers who complain that he is betraying them by attracting a higher labor target from above. He is a candidate for isolation. The experience of some active elements and labor models provides ample evidence of this.

The reasons behind the "muddling through" phenomenon are complex. Apart from the several basic factors cited above, there are a few other unrecognized reasons still influencing our way of thinking and model of behavior. To remove the "cancer" of muddling through from our social life, we must first diagnose its causes. Only then can we prescribe the right medicine to cure it.

Profile of Pan Beilei, New Shaanxi Vice Governor

90ON0427A Hong Kong LIAOWANG [OUTLOOK]
OVERSEAS EDITION in Chinese No 8, 19 Feb 90 p 14

[Article by Hua Nianlun (5478 1628 0243): "Pan Beilei—A Vice Governor Who Is a Democratic Party Member"]

[Text] Pan Beilei [3382 5563 5628], 48, is a member of the Gaoshan Nationality, hailing from Taiwan. She was brought up in Shanghai. Her father, Pan Jinsheng [3382 6855 5116], known as the "father of harmonica in China," was the founder of the Guoguang Harmonica Plant.

A democratic party member who recently became vice governor of Shaanxi Province, she said, "After the disturbance between spring and summer last year, some people wondered whether China's policies of reform and opening to the outside world and construction of a socialist democratic political system will continue. That was when I assumed the present office. My personal experience shows that the system of multiparty cooperation under the leadership of the Communist Party not only has remained unchanged, but has continued to improve. The relations between me and the CPC cadres working together around me are harmonious. We trust and support each other."

Pan Beilei is one of the new generation of intellectuals brought up in New China. When she graduated with honors from the Beijing Light Industry College in 1964, she repeatedly asked to be sent to northwest China, where conditions were hard. She told her fiancé, a teacher in Beijing, "I have made up my mind to go to the northwest. If you decide to be my lifelong companion, let's go to the northwest together and make our family and start our careers there." A year later, the two of them indeed settled down in Xian. "Our country is still very poor. Among the people of your age, only 1.3 percent can go to college and receive a higher education." These are the words of Premier Zhou Enlai at a meeting of the 1964 graduating class in Beijing, which Pan Beilei will remember till the end of her life.

Pan Beilei specialized in industrial fermentation. After she was assigned to the Shaanxi Light Industry Research Institute, she went to work in the famous Xifeng Winery. She worked barefoot in the troughs together with the workers. In her spare time, she taught classes for the workers. In the years that followed, she achieved remarkable successes in 16 research projects, such as the aromatic ingredients of the Xifeng spirits, sediment in the Xifeng spirits, microbic pulping and papermaking, and so forth, and frequently published treatises and translations of foreign documents and data in provincial and national publications. In 1980, with the recommendation of the Organization Department of the Shaanxi Provincial CPC Committee, she took an examination and was admitted to the "advanced administrative engineering research program" of Xian Jiao Tong University. In 1982, Pan Beilei, with her second college diploma, was transferred to the Scientific and Technological Division of the provincial Light Industry Department as an engineer. Later, she was elected Standing Committee member of the Fifth Shaanxi Provincial CPPCC [Chinese People's Consultative Conference] Committee, joined the Jiu San Society, and was promoted to deputy director of the Shaanxi Provincial Light Industry Department.

Taking charge of production of enterprises under the Light Industry Department, Pan Beilei, in view of the low quality of Shaanxi's light industrial products, went all-out to promote quality control, implemented the responsibility system at every level, and laid down local

standards for seven industries. As a result, the percentage of fine-quality products increased sharply, and she was commended by the provincial government. She also led cadres on three trips to Baoji to help achieve an association between the Baoji Xifeng Winery and the Fengxiang County Winery, which improved the economic performance of both wineries and furthered the development of lateral ties among light industrial units in the whole province.

In April 1989, the Second Session of the Seventh Shaanxi Provincial People's Congress decided to have an additional vice governor elected from among the democratic parties. More than 100 people were nominated for the election. After repeated secret ballots, Pan Beilei came out on top.

After her election, she expressed her true feelings: "I have worked and lived in Shaanxi for 25 years. The people of Shaanxi have brought me up like my own parents. My feelings of joy, anger, sorrow, and delight are all inseparable with this land. I will prove myself worthy of the trust the people of Shaanxi have placed in me."

On assuming office, she clearly stated her working principle: Decisions made by her superiors and the organization will be carried out firmly without delay; for decisions she has to make herself, she will conduct an in-depth investigation and study and listen to opinions of all concerned; for matters she has to handle herself, she will never shift the responsibility to others or wrangle over trifles, but will shoulder the responsibility courageously; and when she takes part in making decisions, she will speak bluntly and impartially and give no thought to personal gain or loss. She has conscientiously followed this principle in the past half year and more since she was elected vice governor.

Shaanxi is a poor, economically backward province. In the past few years, family planning work has suffered serious setbacks, and population control plans have not been fulfilled for three years running. After assuming office, Pan Beilei was determined to do what she could to turn family planning work around. Shortly after she assumed office, she was entrusted by the provincial CPC Committee to preside over an on-the-spot meeting on family planning work in Hanzhong. At the meeting, the experience of Hanzhong Prefecture, where family planning had "the attention of the party and government, a stable policy, a sound network, and a strict and impartial system of rewards and punishments," was popularized, and plans were made for strengthening order in childbirth in the latter half of the year. After the meeting, she went to Yanan, Shangluo, and other backward areas to check up on the implementation of various measures. She felt that the difficulty of family planning work lies in the contradiction between the basic national policy and the traditional ideas of peasants. Wherever she went, she encouraged people to figure things out and make comparisons; she explained the national, provincial, county, and township conditions; she increased the masses' consciousness of the need to follow the national policy

through deepgoing and painstaking educational work; and she discussed with the cadres and masses on how to provide old-age insurance for families with one or two daughters. She discovered that some local cadres had failed to set an example and had adversely affected the implementation of the family planning policy. To deal with this situation, a rule was laid down that fines and punishment for having more children than the law permits will be applied to cadres and urban areas first, and the masses and rural areas next. Because party and government leaders in various localities have taken the matter seriously, and because the policies and measures are supported by the people, family planning work in the whole province is taking a turn for the better. Efforts are being made to meet the target for population control in the province this year.

To promote physical culture and sports in Shaanxi, she has worked together with coaches and athletes on measures to be adopted. As reflected by the athletes, Shaanxi is one of the few provinces in China that still do not have plastic tracks [as published]. After investigating the situation firsthand, she made a recommendation at an administrative meeting of the provincial government and started actively to raise funds.

Since assuming office, Pan Beilei has received the support and cooperation of CPC party and government cadres at all levels. Governor Hou Zongbin [0186 1350 6333] warmly encouraged her to work without fear. He said, "If you have any problem, we can talk it over, and if a mistake is made, I will take the responsibility." Zhang Boxing [1728 0514 2502], secretary of the provincial CPC Committee, notified the responsible party cadres in the various departments and bureaus under the supervision of Pan Beilei that all cadres, regardless of their seniority, must follow the organizational principle, obey Vice Governor Pan's orders, and support her as they support leading cadres who are party members. Pan Beilei's talks to units under her supervision and in laying out plans for work are also circulated as important documents by the general offices of the provincial CPC Committee and the provincial government for implementation at the local level throughout the province.

A relationship of mutual help, cooperation, and understanding has developed between her and the other leading members of the provincial CPC Committee and the provincial government. Once a report came from Huayin County at the foot of Huashan Mountain about the dangerous situation of a possible landslide. Governor Hou Zongbin was deeply concerned about the situation which was endangering the lives and property of several million peasant families, but he was presiding over an important meeting when the report came. So he entrusted Pan Beilei to handle the critical situation. Early in the next morning, Pan Beilei, accompanied by experts, drove to the danger spot, held a meeting there, adopted six protective measures, and prevented the disaster from happening.

In the seven months since assuming office, Pan Beilei has spent a third of her time conducting investigation and study at the grassroots level. She often worked during the day and traveled at night. In every place she visited, she not only looked at things on the spot, but also listened directly to the opinions of the masses and cadres at the grassroots level, not only inspected the advanced areas, but paid even more attention to the backward areas. Once she went on an observation tour to a poor county. There she was told that the county was hard pressed financially and critically short of medical equipment. However, laid out on the dinner table were fine tableware and everything from cold dishes to drinks. When she saw that nice words were useless to dissuade them from this, she simply excused herself. To cadres at the grassroots level who are too hospitable, she often says, "Please help me do the right thing."

She has always paid attention to the handling of letters and visits by the people. When she first assumed office, she read every letter herself. Once in handling a letter, she asked the family planning commission to look into something. When the cadres making the investigation failed to report their findings to her in good time, she promptly called them in for questioning.

KMT 'Blue Princes' Wield Influence on Mainland

'Major' Political Force

90ON0399A Hong Kong CHAO LIU [TIDE] in Chinese No 36, 15 Feb 90 pp 31-34

[Article by Zhou Daozheng (0719 6670 2973): "'Blue Princes' Are in Demand in Mainland China's Political Arena"]

[Text] Since the recent events in Eastern Europe the CPC has expressed the need to develop "multiparty cooperation" and let more noncommunist personages serve in organs of state power. It has taken the offensive with a series of related political propaganda. These only give a false impression of democratization but cannot hide the true nature of the CPC's patriarchal autocracy.

In Beijing's political arena there are so called "Red Princes" and "Blue Princes." The former refer to the children of CPC high-ranking cadres—the "five Red kinds" under the five-star red banner. The latter refer to the children of the CPC's "high-ranking united front targets"; most of their forefathers had a political blood relationship with the KMT, and because blue sky and the bright sun are the KMT's [Kuomintang] emblem, they are called the "Blue Princes."

"Blue Princes" Have Become a Valuable Commodity

Since the early 1980's when the CPC began promoting the "third echelon" as the successors, the "Red Princes" have been rising rapidly and have become a major force in the political arena. They are referred to privately as the "prince clique" by people in Beijing. Representatives of the "prince clique" are: Zhou Enlai's godson, Li Peng;

Li Weiha's [2621 4850 3352] son, Li Tieying [2621 6993 2503]; Ye Jianying's [5509 0494 5391] son, Ye Xuanping [5509 6693 1627], and his son-in-law, Zou Jiahua [6760 0159 5478]; Chen Yun's [7115 7189] son, Chen Yuan [7115 0337]; Liu Shaoqi's son, Liu Yuan [0491 3293]; Chen Yi's [7115 3015] son, Chen Haosu [7115 8504 5685]; Nie Rongzhen's [5119 2837 5271] daughter, Nie Li [5119 0500], and his son-in-law, Ding Henggao [0002 5899 7559].

In recent years, out of "political necessity" stemming from its united front tactic toward Taiwan, the CPC has begun appointing members of the "Minge" [Revolutionary Committee of the Chinese KMT], "Minmeng" [China Democratic League], and "Minjin" [China Association for Promoting Democracy] to the positions of vice governor and vice mayor. In 1988, the CPC promoted Feng Tiyun [7458 2748 7189], vice chairman of the "Minjian" [China Democratic National Construction Association], to vice minister of supervision. It was the first time a democratic party member was appointed vice minister. In late March of last year, the CPC named two more democratic party members, Li Peiyao [2621 3099 2852], "Minge" vice chairman, and Hong Fuzeng [3163 4811 2582], Jiusan Society's central committee member, to the positions of vice minister of labor and vice minister of agriculture, respectively. Li Peiyao is Li Jishen's [2621 3444 3234] son and is one of the "Blue Princes," as people in Beijing call them.

Since Li Peiyao's and Hong Fuzeng's promotion, "Minge" vice chairmen, Li Ganliu [2621 6373 7511] and He Luli [0149 7627 7787], have been named to the CPPCC [Chinese People's Political Consultative Conference] Standing Committee. The former is Li Liejun's [2621 3525 6874] son and the latter is He Siyuan's [0149 1835 3293] daughter. Li Liejun was one of the KMT's founding fathers and was Jiangxi's provincial chairman. He Siyuan was Shandong's provincial chairman and was mayor of Beijing at one time. The CPC's appointment of Li Ganliu and He Luli to the CPPCC Standing Committee shows the rising "united-front value" of the "Blue Princes and Princesses."

Li Jishen's Son Named Vice Minister

Li Peiyao and Hong Fuzeng, who have been promoted to State Council vice ministers, may be members of the "Minge" and Jiusan Society, respectively, but they have long been CPC members too. They joined the democratic parties only on party instructions. One of the reasons the CPC has chosen these two to be vice ministers is because of their families' political blood relationship with the KMT, because of their "Taiwanese connection."

Li Peiyao's father, Li Jishen (1886-1959), was a key member of the KMT and was a well-known anti-Chiang element. He later defected to the Communist side and became chairman of the "Minge" central committee. In the 1920's, he was a member of the KMT's executive committee, chief of staff of the KMT Revolutionary

Army, vice principal of Huangpu Military Academy, and Guangdong provincial chairman. In 1931, he and Jiang Guangnai [5592 0342 7845], Cai Yanjie [5591 1693 6946], and Chen Mingshu [7115 6900 2873] engineered the Fujian uprising. When they failed, he joined the anti-Chiang movement and was appointed vice president of the PRC by the CPC in 1949 and was later named vice chairman of the NPC [National People's Congress] Standing Committee.

Li Jishen's oldest son, an agronomist, was president and professor at South China Agricultural College. Li Pi Yao is his fourth son and is an airplane manufacturing engineer.

Li Pi Yao is 56 years old; his ancestral home is in Cangwu, Guangxi. He was born in Hong Kong and attended junior high in Peiqiao Middle School, Hong Kong. He later moved to Beijing with his father and graduated from Beijing Aeronautical Engineering Institute with a degree in aviation. Upon graduation, he went to work in Jiangxi's Nanchang Airplane Manufacturing Plant, first as a technician and later as engineer and senior engineer. A couple of years ago, the CPC transferred him to Beijing, where he became vice chairman of the All-China Federation of Trade Unions and "Minge's" central committee vice chairman.

"Minge" was set up by KMT military and political personnel who had defected to the Communist side and is long past its prime. Li Ganliu, Li Peiyao, and He Luli, who became vice chairmen in the last two to three years, are the offspring of high-ranking KMT officials. This reflects the "Blue Prince" overtone in "Minge's" personnel structure.

Hong Fuzeng, who has just been appointed vice minister of agriculture, is 57 years old. He is a native of Nanjing, Jiangsu. He has many relatives in Taiwan. His elder brother, Hong Tong [3163 0681], is a ranking professor at Qinghua University, Taiwan Campus in Hsing Chu, Taiwan.

Hong Fuzeng enrolled in Shanghai's Fudan University to study agrobiolgy in 1950. When the college was restructured, he transferred to Shengyang Agricultural College in 1952. Upon graduation, he worked in the Jilin Provincial Agricultural Science Research Institute, first as a technician and later as researcher and eventually as president.

Political Vase-Style "Multiparty Cooperation"

The CPC appoints these people vice ministers partly out of "political necessity" resulting from their united front tactic toward Taiwan and partly because of its "multiparty cooperation" plan.

"Multiparty cooperation" is not a "multiparty political system" and therefore does not tolerate opposition parties. The fact of the matter is, the so called "democratic parties," including "Minge," "Minmeng," "Nonggong" [Chinese Peasants and Workers' Democratic Party], and the Jiusan Society, were created by former politicians who had defected to the Communist side. They are not independent political entities; they survive only by attaching themselves to the CPC. Moreover, these groups are basically just "political vases," currying favor with the CPC, and are not enthusiastic promoters of social democracy. The driving force behind the democratic movement has turned out to be the intellectual elites who are CPC members, such as Su Shaozhi [5685 48012535], Hu Jiwei [5170 4921 0251], Wang Ruoshui [3769 5387 3055], Fang Lizhi [2455 0536 0037], and Yan Jiaqi [0917 1367 0366].

During the 1950's, the CPC still tried to keep up the appearance of a "coalition government" and gave up one-third of the minister positions to the "democratic parties," and two of the four "vice premiers" and three of the six "vice presidents of the PRC" were members of "democratic parties." Since then, the CPC has dominated the organs of state power. By the time of the Cultural Revolution, it had completely monopolized the State Council.

Henceforth, the CPC will appoint more members of "democratic parties" to vice minister or even higher-ranking positions. But reports by foreign and Hong Kong and Taiwan news media that Rong Yiren [2837 3015 0688] will be appointed vice premier is impossible, because Rong is already 73 years old and is a vice chairman of the NPC Standing Committee. It is the CPC organization's usual practice to re-appoint older vice premiers to the position of vice chairman of the NPC Standing Committee or of CPPCC vice chairman, but, with the exception of Ji Pengfei [1213 7720 7378] who was a Standing Committee vice chairman before becoming vice premier, never has an elderly chairman of the NPC Standing Committee been appointed vice premier.

Appointing noncommunists to vice minister posts is but a phony kind of democratization.

Appendix I: List of Noncommunist Party Members in Organs of State Power Under the Party Central Committee, 1949-1952 (Compiled by CHAO LIU Reference Room)

Name	Sex	Dates	Ancestral Home	Party Affiliation	Official Positions
1. Soong Ching Ling	F	1893-1983	Wencang, Guangdong	No party affiliation	Vice president of PRC; vice premier; vice chairman of NPC Standing Committee
2. Li Jishen	M	1886-1959	Cangwu, Guangxi	Minge	Vice president of PRC; vice chairman of NPC Standing Committee; "Minge" chairman
3. Zhang Lan [1728 3482]	M	1872-1955	Nanchong, Sichuan	Minmeng	Vice president of PRC; vice chairman of NPC Standing Committee; CPPCC vice chairman; "Minmeng" chairman

Appendix I: List of Noncommunist Party Members in Organs of State Power Under the Party Central Committee, 1949-1952 (Compiled by CHAO LIU Reference Room) (Continued)

Name	Sex	Dates	Ancestral Home	Party Affiliation	Official Positions
4. Guo Moruo [6753 3106 5387]	M	1892-1978	Leshan, Sichuan	No party affiliation/CPC	Vice premier and chairman of Culture and Education Commission; president of Chinese Academy of Sciences; vice chairman of NPC Standing Committee; CPPCC vice chairman
5. Huang Yanpei [7806 3508 1014]	M	1878-1965	Chuansha, Jiangsu	Minjian	Vice premier and minister of light industry; vice chairman of NPC Standing Committee; CPPCC vice chairman; chairman of "Minjian" central standing committee
6. Tan Pingshan [3389 1627 1472]	M	1886-1956	Gaoming, Guangdong	Minge	*Vice chairman of Supervision Commission; NPC Standing Committee member; "Minge" vice chairman
7. Zhang Bojun [4545 0130 6874]	M	1895-1969	Tongcheng, Anhui	Nonggong, Minmeng	*Minister of communications; "Minmeng" central committee vice chairman; "Nonggong" central committee chairman
8. Ma Xulun [7456 2402 0243]	M	1884-1970	Yuhang, Zhejiang	Minjin, Minmeng	*Vice chairman of Culture and Education Commission; minister of education; minister of higher education; CPPCC vice chairman; "Minmeng" vice chairman; "Minjin" vice chairman
9. Chen Shaoxian [7115 0508 0341]	M	1885-1967	Qingjiang, Jiangxi	No party affiliation	NPC Standing Committee member
10. Wang Kunlun [3769 2492 0178]	M	1902-1985	Wuxi, Jiangsu	Minge	Beijing Municipality vice mayor; CPPCC vice chairman; "Minge" vice chairman and chairman
11. Luo Longji [5012 7127 1015]	M	1896-1965	Anfu, Jiangxi	Minmeng	*Minister of forest industry; CPPCC Standing Committee member; "Minmeng" vice chairman
12. Zhang Naiqi [4545 0035 0892]	M	1896-1977	Qingtian, Zhejiang	Minjian	*Minister of grain; "Minjian" vice chairman; vice chairman of All-China Federation of Industry and Commerce
13. Shao Lizi [6730 0500 1311]	M	1882-1967	Shaoxing, Zhejiang	Minge	*NPC Standing Committee member; "Minge" standing committee member; vice president of Academy of Socialism Studies
14. Huang Shaohong [7806 4801 4540]	M	1895-1966	Rongxian, Guangxi	Minge	*NPC Standing Committee member; "Minge" standing committee member
15. Zhang Xiruo [1728 1153 5387]	M	1889-1973	Chiaoyi, Shaanxi	No party affiliation	Vice chairman of Commission of Political Science and Law of Government Administration Council; minister of education; chairman of Commission for Cultural Relations With Foreign Countries; CPPCC Standing Committee member
16. Peng Zemin [1756 3419 3046]	M	1877-1956	Sihui, Guangdong	Minmeng, Nonggong	Vice chairman of Political Science and Law Commission; NPC Standing Committee member; CPPCC Standing Committee member; "Minmeng" central committee member; "Nonggong" vice chairman
17. Ma Yinchu [7456 1377 0443]	M	1882-1982	Shengxian, Zhejiang	No party affiliation	Vice chairman of Commission of Finance and Economics of Government Administration Council; vice chairman of East China Army and Government Commission; president of Beijing University; NPC Standing Committee member
18. Shen Yanbing [3088 7159 0393]	M	1896-1981	Dongxiang, Zhejiang	No party affiliation	Minister of culture; vice chairman of All-China Federation of Literature and Art Circles; chairman of Chinese Writers Association; CPPCC vice chairman

Appendix I: List of Noncommunist Party Members in Organs of State Power Under the Party Central Committee, 1949-1952 (Compiled by CHAO LIU Reference Room) (Continued)

Name	Sex	Dates	Ancestral Home	Party Affiliation	Official Positions
19. Zhu Xuefan [2612 1331 4636]	M	1905-	Jinshan, Shanghai	Minge	Minister of post and telecommunications; vice chairman of All-China Federation of Trade Unions; vice chairman of NPC Standing Committee; "Minge" vice chairman
20. Li Shucheng [2621 2579 1004]	M	1881-1965	Qianjiang, Hebei	No party affiliation	Minister of agriculture; NPC Standing Committee member; CPPCC Standing Committee member
21. Liang Xi [2733 1585]	M	1883-1958	Huzhou, Zhejiang	Jiusan Society	Minister of forestry; CPPCC Standing Committee member; vice chairman of China Science and Technology Association; Jiusan Society vice chairman
22. Fu Zuoyi [0265 0155 5030]	M	1895-1974	Linyi, Shanxi	No party affiliation	Minister of water conservancy; minister of water resources and electric power; CPPCC vice chairman
23. Li Dequan [2621 1795 0356]	M	1897-1972	Tongxian, Hebei	No party affiliation/CPC	Minister of public health; CPPCC vice chairman; vice president of All-China Women's Federation
24. Shi Liang [0670 5328]	F	1900-1985	Changzhou, Jiangsu	Minmeng	Minister of justice; NPC Standing Committee member; NPC Standing Committee vice chairman; "Minmeng" vice chairman and chairman
25. He Xiangning [0149 7449 0413]	F	1878-1972	Nanhai, Guangdong	Minge	Chairman of Overseas Chinese Committee; vice chairman of NPC Standing Committee; CPPCC vice chairman; "Minge" vice chairman and chairman
26. Shen Junru [3088 6874 0320]	M	1875-1963	Jiaxing, Zhejiang	Minmeng	President of Supreme People's Court; NPC Standing Committee vice chairman; CPPCC vice chairman; "Minmeng" chairman
27. Hu Yuzhi [5170 1937 0037]	M	1896-1986	Shangyu, Zhejiang	Minmeng	Director of Press and Publication Administration; vice minister of culture; CPPCC vice chairman; NPC Standing Committee vice chairman; "Minmeng" vice chairman and acting chairman
28. Jiang Guangnai [5592 0342 7845]	M	1887-1967	Dongguan, Guangdong	Minge	Minister of textile industry in 1952; "Minge" central standing committee member
29. Chu Tunan [2806 0956 0589]	M	1899-	Wenshan, Yunnan	Minmeng	Chairman of Southwest Culture and Education Commission; chairman of Commission for Elimination of Illiteracy in 1952; vice chairman of Commission for Cultural Relations With Foreign Countries; vice chairman of NPC Standing Committee; "Minmeng" vice chairman and chairman

Note: *Commission members of the Government Administration Council are minister rank. Besides Jiang Guangnai and Chu Tunan, other ministers appointed in 1952 include Zhang Naiqi (Grain,) Zhang Xiruo (Education), and Ma Xulun (Higher Education.)

List of High-Ranking 'Blue Princes'

900N0399B Hong Kong CHAO LIU [TIDE] in Chinese
No 36, 15 Feb 90 p 31

[Article: "Children of CPC's High-Ranking United Front Targets"]

[Text] 1. Li Ganliu: 57, originally from Wuning, Jiangxi; Li Liejun's son; medical doctor. He graduated from Harbin Medical University in 1955 and worked in Beijing Friendship Hospital as a doctor and translator. He was chairman of Hebei's provincial CPPCC [Chinese People's Political Consultative Conference], vice mayor

of Handan City and is a member of the CPPCC Standing Committee and vice chairman of "Minge" [Revolutionary Committee of the Chinese Kuomintang Central Committee]. Li Liejun was Jiangxi's provincial chairman.

2. He Luli: 56, originally from Heze, Shangdong; He Siyuan's daughter; medical doctor. She graduated from Beijing Medical College and worked in Beijing Children's Hospital as a doctor and was deputy head of the Xicheng District in Beijing. She is a member of the CPPCC Standing Committee, vice chairman of "Minge," vice mayor of Beijing Municipality, and "Minge's"

deputy director in Beijing Municipality. He Siyuan was Shangdong provincial chairman and mayor of Beijing.

3. Li Peiyao: 57, originally from Cangwu, Guangxi; Li Jishen's son; senior mechanical engineer. He is vice minister of labor, vice chairman of the All-China Federation of Trade Unions, and "Minge's" central committee vice chairman. Li Jishen was vice chairman of the NPC [National People's Congress] Standing Committee and "Minge's" central committee chairman.

4. Zhang Shiming [4545 1597 2494]: 68, originally from Zongyang County, Anhui; Zhang Bojun's son; mechanical engineer. He graduated from Shanghai's Tongji University and was deputy head of the Nanjing Labor Bureau; vice chairman of Nanjing City People's Congress Standing Committee, chairman of "Nonggong's" [Chinese Peasants and Workers Democratic Party] Nanjing party committee, and chairman of the Organization Department. He is vice chairman of "Nonggong's" central committee. Zhang Bojun was minister of communications, "Mingmeng's" [China Democratic League] central committee vice chairman, and "Nonggong's" chairman.

5. Zhang Lifan [4545 4539 0416]: Originally from Qingtian, Zhejiang; Zhang Naiqi's son. He is a city CPPCC committee member. Zhang Naiqi was minister of grain at one time and vice chairman of "Minjian" [China Democratic National Construction Association].

6. Zhang Suwo [1728 4790 2053]: 75, originally from Chaoxian, Anhui; Zhang Zhizhong's [1728 3112 0022] daughter. She is a member of the CPPCC Standing Committee, vice president of the All-China Women's Federation. Prior to 1949, Zhang Zhizhong was Xinjiang's provincial chairman and was appointed vice chairman of the Northwest Army and Government

Commission, vice chairman of the NPC Standing Committee, and "Minge's" central committee vice chairman.

7. Qian Yi [6929 2496]: Qian Mu's [6929 2606] daughter, member of the Beijing Municipal CPPCC Standing Committee. Qian Mu resides in Taipei and is a Central Research Institute scholar.

8. Nusireti Baoerhan: Baoerhan's son, president of Xinjiang Normal University. Baoerhan was a CPPCC vice chairman.

9. Cheng Yuan [4453 0955]: Cheng Qian's [4453 3383] son, CPPCC member. Cheng Qian had been Hunan provincial chairman prior to 1949 and became a vice chairman of the NPC Standing Committee thereafter.

10. Zhuang Yanlin [5545 3508 2651]: 69, originally from Xiamen, Fujian; Zhuang Xiquan's [5445 1585 3123] son. He attended Guangxi University and was at one time secretary of the Guilin City CPC Labor Committee, deputy head of the Fujian party committee Propaganda Department, secretary general of the Fujian provincial government, deputy director of the National Administration of Tourism, and deputy director of the Overseas Chinese Affairs Office. He is vice chairman of the All-China Federation of Returned Overseas Chinese. Zhuang Xiquan was vice chairman of the CPPCC and vice president of the All-China Federation of Returned Overseas Chinese.

11. Rong Zhijian [2837 1807 0256]: Originally from Wuxi, Jiangsu; Rong Yiren's son, vice president of the China International Trust and Investment Corporation. Rong Yiren is a vice chairman of the NPC Standing Committee; chairman of the All-China Federation of Industry and Commerce, and vice chairman of "Minjin" [China Association for Promoting Democracy].

PROVINCIAL

Henan Governor Discusses Statistics Work

HK1405151290 Zhengzhou Henan Provincial Service
in Mandarin 2200 GMT 11 May 90

[Text] This year, Henan's statistics work will focus on improving statistics quality, deepening statistics reform, rectifying statistics order, and strengthening statistics work at all levels.

This was revealed by Governor Cheng Weigao at the Henan Provincial Conference on Statistics Work, which was held yesterday morning.

Statistics work mainly consists of the following three aspects: information, consultation, and supervision. Although Henan has achieved marked results in its statistics work in the past few years, problems have continued to exist. In order to solve these problems, Governor Cheng Weigao pointed out, leaders at all levels in Henan must fully understand the importance of statistics work so as to further strengthen statistics work, truly reflect the situation of the provincial national economy [as received] and the situation on all fronts, and take measures to end all types of malpractices concerning statistics work.

Governor Cheng pointed out that statistical accuracy is of primary importance in correctly appraising work, and is also the basis upon which various areas of Henan formulate policies, development plans, and decisions. It is necessary to rectify the order of Henan's statistics work and reform Henan's statistics management structure. Efforts must also be made to gradually popularize the successful experiences of Sanmenxia City across the province within two to three years so as to establish a unified statistics management structure and strengthen government supervision of and leadership over statistics work. In the future, all economic and social statistics must be handled and verified by statistics departments at all levels so as to end the current practice of indiscriminately distributing statistics report forms. It is necessary to deepen the reform of statistics work, study specific ways to strengthen foundation work and build statistics organs at grassroots levels in the "Reform Spirit," continue to extensively conduct sample surveys, carry out unified and guided management of sample surveys, and ensure the accuracy of cotton output, grain output, and population figures. There is no need to seek top accuracy for all figures, because that will unquestionably slow down the overall work.

Governor Cheng said that redoubled efforts must be made to further reform Henan's statistics work, with a view to standardizing statistics, maintaining statistical accuracy, and improving statistics quality by leaving aside some unimportant figures.

Governor Cheng also demanded that all levels of the people's governments in Henan unreservedly support

the work of all statistics departments and, if possible, help them solve such problems as lack of office buildings and operation funds.

Review of Shanghai's 1989 Economy

90CE0051A Shanghai SHANGHAI JINGJI
[SHANGHAI'S ECONOMY] in Chinese No 1,
30 Jan 90 pp 8-10, 13

[Article by Li Maohuan (2621 2021 2970), Director of Shanghai Statistics Bureau: "Rectification and Improvement Yield Positive Results—A Look Back at Shanghai's Economy in 1989"]

[Text] Energized by the general and specific policies of rectification and improvement, Shanghai's economy underwent dramatic changes in 1989. Effective supply continued to increase, society's total demand was tentatively under control, product prices fell month after month, the supply-demand conflict was alleviated, and the entire economy was heading in the direction set by rectification and improvement. But the adverse effects of the acute shortage and soaring prices of means of production in recent years on Shanghai's economy lingered, various structural problems in the economy remained serious, and as one macroeconomic policy after another to tighten the economy was implemented, some underlying conflicts began to surface, and new issues and new problems also appeared. Shanghai's economic situation was also grim.

Marks of Rectification and Improvement's Tentative Success

1. The national economy sustained steady growth: Preliminary estimates show that Shanghai's GNP rose by about five percent in 1989. With respect to industrial production, despite the shortage of energy resources and some raw materials and the very tight fund supply, the municipality's industrial sector forged ahead with the "double increase and double economy" movement, surmounted many problems, and kept up the rate of increase in production. The GVIO [Gross Value of Industrial Output] for the year was more than 110 billion yuan, a five percent increase over the previous year's. Specifically, industries under the ownership by the whole people system grew 0.2 percent while collectively owned industries grew 12.6 percent; central-level industries grew 8.5 percent and local industries by 4.5 percent. With respect to agricultural production, the summer and early autumn grain crops were adversely affected by the weather, pests, and by the reduction in seeding area, and total output was down substantially, but there was a late autumn bumper crop of grain which made up for the summer loss. Total grain output was 2.33 million tons, which exceeded the 1989 grain production plan. Production and market supply of nonstaple food was satisfactory throughout the municipality, and vegetable, pork, aquatic product, fresh egg, and fruit productions also improved over the previous year's

2. Fixed asset investment was tentatively under control: First, upon consolidation, the municipality stopped or slowed 1,536 fixed asset investment projects and reduced total investment by 4.813 billion yuan, which equals 34.1 percent of the total investment made in 1988. Second, new projects to be started were drastically cut back. From January to November of 1989, units in the ownership by the whole people system started 326 capital construction and renovation and transformation projects, 83.5 percent less than in the previous year, and out of that number, only 65 were new capital construction projects, a 30.1 percent reduction. Third, the municipality's rising fixed asset investment completion rate slowed, and in the latter part of the year, it was actually falling. Comparing with the same periods a year earlier, the completion rate rose 21.4 percent in the first six months; it slowed to 7.2 percent if we take the first three quarters, and actually fell 4.3 percent for the entire January-November period.

3. The increase in consumption demand was tentatively under control: The municipality's 1989 payroll-related cash payment was 14 percent more than a year ago, but the rate of increase was down 16.8 percent. Administration and management expenses were 27.1 percent more, but the magnitude of increase fell by 37.8 percent compared to the year before. From January to November 1989, Shanghai's workers' average monthly wage was 196.4 yuan, 16.8 percent higher than a year before, but taking into account the 16.9 percent rise in the cost of living index, real wages were at par with the previous year's. The municipality's non-individual consumers bought 5.3 billion yuan's worth of consumer goods, 12.1 percent more than a year before, but taking the price increase factor into account, it represents actual decrease of 3.9 percent.

4. Price increase was slowing month after month: By midyear, as the effects of the price increase in the previous year wore off, the price index fell sharply. Compared to the same months in the previous year, the price indices were 116.9 in July, 114.4 in August, 112.4 in September, 109.2 in October, 107.1 in November, and 105.7 in December. The overall price index for the year was 116.7, 4.6 percentage points below the previous year's 121.3. One point about the price change in 1989 is that there were relatively few new price increase factors. Only 8.7 percent of the increase was due to new price increases, much less than in the previous year, and in particular, the price index for foodstuff, which accounts for 57 percent of the consumer expenditure, fell sharply, from 129 in January to 98.4 in December. The price indices of other major items also fell by various amounts.

5. The market was fairly stable: In 1989, the supply of commodities throughout the municipality began to ease, savings in the banks increased significantly, retail sale of goods in the market dropped, and the stock of goods increased. Industrial and commercial departments "slashed prices" on goods consumers used to "fight over." Meanwhile, market order improved, and there

were fewer counterfeit and bad products and significantly fewer incidents of reckless price increase and profiteering and speculation. In 1989, Shanghai's total retail sale was 35.14 billion yuan, 12.1 percent more than a year before, but if we take into account the higher prices, retail sales actually fell by 3.9 percent.

Problems and Conflicts the Economy Faced

Shanghai's economic situation in 1989 demonstrated the positive results of rectification and improvement, but it also exposed some new conflicts and problems:

1. Market sales was in a slump: In the latter part of 1989, Shanghai's market, like the rest of the country's, changed dramatically. "Hot demand" for luxury consumer goods which had for several years been in short supply "cooled"; "hot sales" of daily necessities went "flat." Compared to the same months a year ago, total retail sale of commodities showed negative increase four months in a row, from August to November. There was a slight improvement in December's sales, with a 0.6 percent increase, but taking into account the higher prices, actual sales was down 4.8 percent. The main reasons for the retail market slump are: 1) Several tightening measures to control demand were beginning to show effect. 2) As demand decreased, effective supply increased. Efforts to control price had succeeded, and therefore the consumers were less anxious about their consumption needs, and panic buying subsided. 3) The banks raised the interest rate on savings, and instead of stocking goods to beat inflation, people put their money in "inflation-proof" saving accounts. By the end of the year, Shanghai's urban and rural population had 19.236 billion yuan in the bank, 36.2 percent more than a year earlier, and this effectively absorbed a part of the purchasing power. 4) Some of the effects of panic buying in the previous year were becoming apparant in the market, and as people became more rational about their purchases, there was much less impulsive buying. 5) The people's consumption psychology changed. Having learned their lesson from several rounds of panic buying, people were making purchases more rationally. Moreover, the prices of some products were too high, the quality was poor, and the goods were not what the consumers wanted, and these factors had an adverse effect on sales. The market slump provided an opportunity to reduce the abnormal, excessive consumption demand and to make structural adjustments, but it also had a negative effect on economic development.

2. The industrial sector slipped: Beginning in the third quarter, the municipality's industrial growth slowed month after month. Comparing with the same months a year ago, July saw 14.7 percent growth, August saw 5.2 percent growth, September and October saw 1.8 percent and 6.2 percent decline, respectively, and November and December also saw decline of 4.4 percent and 2.4 percent, respectively. It is unusual historically for industrial productions to drop several months in a row. Many factors contributed to this situation. With respect to the external factors, first, there was a shortage of energy

resources and certain raw materials, and the shortage of funds was even worse than in previous years, and they seriously undermined normal production. In 1989, of the 15 major local industrial sectors, 11 saw a decline in output value. Because the goods were not selling, too much money was taken up by the finished goods and not enough was left for production. From January to November of 1989, the municipality's budgeted industrial enterprises produced 48.2 percent more finished goods than a year before, but reserved funds and production funds gathered by enterprises themselves for reproduction only increased 11 percent, and if we take into account the higher prices of means of production, circulation fund available for use on in-kind exchange, inventory, and raw materials was extremely tight. Under the circumstances, even enterprises' simple reproduction was affected. Not only were the smaller enterprises with little capital on the brink of shutting down but many large and medium-sized enterprises were in trouble. Second, because consumption control and other restrictive measures were showing effect, some luxury consumption goods were not selling, and production was cut back. Industries closely related to electrical household products were facing a down-turn. With respect to the internal factors, some enterprise leaders were having doubts. Many were "waiting" for new policies and "waiting" to be told what to do. Buyers were not going out, and factory directors did not want to make production decisions, and to some extent, these factors also affected industrial production.

3. Enterprise economic efficiency was on the decline: Between January and November 1989, the municipality's budgeted industrial enterprises in the people-owned system saw comparable cost rising 20.6 percent compared to the same period a year ago; their profit tax to product sales ratio was 16.3 percent, 3.4 percentage points lower, and 28 enterprises, 17 more than a year ago, were losing money. The overall labor productivity rate of the independent accounting industrial enterprises in the people-owned system only increased 0.4 percent compared to the same period a year earlier. The main causes of the efficiency decline are: 1) Affected by higher raw material prices, production cost increased, which enterprises were unable to digest completely. 2) Affected by the industrial production and market sales slump, the stock of goods was mounting, and enterprises had to slow down production and were therefore less profitable. 3) Apportionments, fees, price increases of all sorts drained some of enterprises' profits. 4) Many enterprises were plagued by production mismanagement and loopholes in the regulations and system, and many were "spend-thrifts" who wasted raw materials and energy resources.

4. Rising fiscal deficit: Shanghai's 1989 fiscal income was 15.871 billion yuan, 3.4 percent more than 1988's; its fiscal expenditure was 7.308 billion yuan, 10.9 percent more than a year ago. Expenditure was increasing faster than income. The city-proper generates most of Shanghai's revenues, but its fiscal deficit was growing. The 1989 city-level income was 3.1 percent below the

level of 1988 and expenses were 2.7 percent higher. The increase in fiscal expenditure was due mainly to higher urban maintenance cost and more product price subsidies, which increased by 25.8 percent and 14.5 percent, respectively, compared to a year ago.

In addition, in 1989, because of the reduction in seeding area for cotton and rape and other factors, total output was below target for the year. As industrial growth slowed and more enterprises had to suspend or semisuspend operation, unemployment became a growing problem, and this also brought instability to society.

Seize the Moment and Strive for Development During Rectification and Improvement and Deepening Reform

1. We should seek unity in thinking, be more knowledgeable, and uphold and implement the tight macroeconomic policy. It is our opinion that rectification and improvement have entered a critical phase. Today, besides unifying the people's thinking on complying diligently with the Fifth Plenary Session of the 13th Party Central Committee's decision on further rectification and improvement and deepening the reform process, we must also smooth out the relationship between rectification and improvement and thorough reform. Given that the central authorities are determined to control the total money supply, we must create a belt-tightening environment. We have to give play to Shanghai's advantages and shift the focus of our economic tasks to promoting structural adjustment, to enhancing scientific management, and to improving enterprises' economic efficiency, so that we can extricate Shanghai economy from its difficulties and put it on a benign cycle and lay a sound foundation for the municipality's sustained, steady, and smooth economic development.

2. We should put the emphasis on readjusting the industrial structure and product mix and strive for reasonable industrial growth. Shanghai has more than 700 large and medium-sized enterprises, and they are the main effective suppliers of goods and the main source of Shanghai's fiscal income. Therefore, to make macroeconomic adjustment and control more effective during rectification and improvement, we must begin by boosting the vitality of the large and medium-size state-run enterprises, especially the large, mainstay enterprises. We need to keep their production increasing at a reasonable rate and improve their economic efficiency. Henceforth, we should adopt different measures in accordance with the needs of the foreign and domestic markets and of the readjustment of the product mix and concentrate some funds and resources purposefully and systematically on supporting selected key enterprises that produce energy, important raw materials, aid-agriculture products, export goods, and hot-selling light manufactured and textile products to improve production management. We must continue to adjust the enterprise organization structure and develop enterprise groups, focusing on the large- and medium-sized enterprises, and try to become more competitive in the foreign and domestic markets.

Enterprises must look inward, strive to raise management standards, strive for technological improvement, and constantly develop new products and new crafts and adjust the product mix.

3. We need to foster active cooperation between industry and commerce, increase the market's effective supply, and ensure market stability. The industrial enterprises must accelerate the readjustment of their product mix, make their products more sellable and more affordable, and produce more badly needed everyday consumption goods. The commercial enterprises must do an even better sales job and make every effort especially to reduce the stock of durable consumer goods on hand while keeping a reasonable stock of everyday consumption goods at the same time. The banks should extend more loans to some state-run businesses, so that they can continue to stock goods and thus turn on the main fund-circulation switch.

4. Amid rectification and improvement, we should accelerate the development of the export-oriented economy. If Shanghai wants to speed up the development of an export-oriented economy, it must go the way of putting "both ends abroad"—import more materials for processing and export more goods to earn more foreign exchange. It must further improve its foreign trade contract method, deepen the reform of its foreign trade system, pool the wisdom and efforts of everyone, and strive to make its foreign trade and export successful. It should further improve the foreign investment environment and extend more loans to deserving foreign-funded projects that are in urgent need of money.

5. We should rectify order, strengthen market supervision, and keep prices under control. Price increase slowed in 1989 mainly because of rigorous administrative intervention and added government subsidies. There are still many underlying factors that can drive prices up. So long as the market remains chaotic, we must give top priority to rectifying order in the circulation sector, and the departments in charge of industry and commerce, prices, taxation, and commerce must review the price, tax, and supply policies regularly to guarantee price stability.

6. We should pay more attention to agricultural production and focus on the "market basket" project. We should mobilize every trade and every industry to support agriculture, increase agricultural input, work vigorously on water conservancy projects, enhance our draught-resistance and flood-prevention capabilities, and lay a solid foundation for a bumper harvest in the coming year. In recent years, the rural communities' "market basket" project has developed rapidly. But because of soaring feed prices, high loan interest rate, and rising land tax, nonstaple food production cost has been rising and economic efficiency has been falling. The peasants are generally less eager to raise pigs, poultry, and fish. Relevant departments forecast that the continued shortage of animal feed in Shanghai will create

even more problems for nonstaple food production in the rural areas, and we must take immediate steps to deal with the problem.

Shaanxi Economic Conference Sets 1990 Agenda

90CM0135A Xian SHAANXI RIBAO in Chinese
7 Mar 90 p 1

[Article by Yu Guohua (0205 0948 5478) and Zhou Zhenqing (0719 2182 3237): "Continue To Deepen the Reform and Promote Economic Development"]

[Text] The Provincial Working Conference on Restructuring of the Economic System was held in Xian on 5 March. Provincial party committee secretary, Zhang Boxing [1728 0514 5281], and Governor Hou Zongbing [0186 1350 6333] spoke at the meeting, and Vice Governor Xu Shanlin [1776 1472 2651] also attended.

The conference was held mainly to make plans and set the agenda for deepening the reform this year. The overall goal is to carry out the general policy of "rectification and improvement and thorough reform" and to integrate reform, development, and rectification organically to put Shaanxi's economy on the track of sustained, steady, and smooth development. The general guiding ideology is "service, stability, perfection, and substance." The following are the main tasks in Shaanxi's restructuring of the economic system this year:

We should further deepen enterprise reform and strive to increase enterprises' vitality. Regarding this endeavor, we should stress the following six points: (1) We should uphold and perfect the enterprise contracted management responsibility system. We should make sure that one contract term is linked to another properly, select the best contract format, make sure the terms are fulfilled, set a proper contract base, and specify the contractors' and the managers' income. (2) We should continue to perfect the lease management system. (3) We should uphold and perfect the factory director responsibility system. (4) We should actively push for enterprise combination and restructuring, promote enterprise merger, develop enterprise groups, and continue to forge stronger lateral economic ties. (5) We should deepen enterprise internal reform and set up an economic responsibility system within enterprises and strengthen enterprise management, and at the same time, we should enliven enterprises' internal labor, personnel, and allocation systems. (6) We should emphasize reform of the large- and medium-sized enterprises.

We need to strengthen and improve macroeconomic regulation and control and gradually set up a macroeconomic regulation and control system. Here, we should emphasize the following: (1) We need to improve the planning system. As needed by rectification and improvement and economic development, first, we should expand the scope and the proportion of the province's mandatory planning and planning guidelines and raise the percentage of the province's overall investment and the share of foreign exchange and goods and

materials under its control in order to concentrate more of the province's financial strength and material strength on adjusting the economic structure and strengthening the weaker links. Second, we need to set up and perfect a province-wide economic coordination and total balance system and maintain balance in public finance, credit, foreign exchange, and resources so as to alleviate the conflict between society's total supply and total demand. Third, we need to improve and strengthen the province's fixed asset investment management and tight control over the scope of fixed asset investments. Fourth, we need to further improve and perfect the planned management methods and utilize economic, administrative, and legal measures comprehensively to make economic planning more authoritative, serious, and scientific, so as to regulate and control the province's economy at the macroeconomic level more effectively. (2) We should further reform the public finance and taxation systems. We should follow the principle of promoting what is beneficial and abolishing what is harmful and continue to uphold and improve the present contracted financial responsibility system and be prepared for further reforms in the future. Meanwhile, we should explore new methods and new ways to strengthen the management of state-owned assets and guarantee the safety and appreciation of those assets. (3) We need to further restructure the banking system.

We should rectify circulation order and restructure the circulation system. In rectifying market order, we should further weed out and consolidate the companies and continue to rectify order in the wholesale sector and improve and strengthen the market management system. In deepening the reform of the state-run commercial system, we should continue to uphold and perfect the contracted management responsibility system and manager responsibility system practiced in the large- and medium-sized state-run commercial enterprises while the small enterprises continue in the direction of "restructuring, retooling, and leasing out." In restructuring the foreign trade system, first, we should promote the export agency system and export contract system; second, make the existing "three kinds of wholly and partially foreign-owned enterprises" a success and reinforce the existing foreign economic and technological cooperation relations; third, experiment with an export incentive fund and export risk fund; fourth, rectify the foreign trade management order and re-examine and re-register all import enterprises and delineate their business scope. Meanwhile, as we continue to deepen the reform of the goods and materials system, we should promote step-by-step price reform.

We should stabilize the rural policies and make rural reform more thorough. First, we should further stabilize Shaanxi's rural policies, especially in the following five areas: Stabilize the output-related system of contracted responsibility which comes in different forms but is primarily family operation-based; stabilize the policy which aims to bring prosperity to all but allows and encourages some areas and some people to rely on their

own efforts and hard work to get rich first; stabilize the staple agricultural and sideline product purchase and marketing policy which links the planned economy to market regulations; stabilize the production policy which promises to "never neglect grain production but actively develop a diversified economy"; stabilize the various policies which aim to increase agricultural input and add staying power to agricultural development. Furthermore, we should probe into a land management system to perfect and improve the family-based, output-related system of contracted responsibility after it has been restructured. In addition, we should set up different kinds of service organizations and perfect the service system. Lastly, we should continue to develop township enterprises at a steady and healthy pace.

We should take active steps to set up a variety of pilot projects and explore new reform processes.

The conference was attended by leading comrades of prefectural and city committees on restructuring the economic system, chairmen of economic committees, agricultural committees, and financial departments, directors of comprehensive reform pilot projects and county committees on restructuring the economic system, factory directors (plant managers) from some large- and medium-sized industrial and commercial enterprises and enterprise groups, and leading comrades of various provincial-level departments and units who are in charge of the restructuring of various systems.

Construction Set for Shanghai Sewage Project

OW2403110790 Beijing XINHUA in English
1039 GMT 24 Mar 90

[Excerpt] Shanghai, March 24 (XINHUA)—Construction of a large project to treat waste water will begin in Shanghai, China's leading industrial center, later this year.

According to the plan, a 60-km pipeline will be laid in northern Shanghai to treat 1.4 million liters of waste water discharged by industrial enterprises and local residents in a 70.5-sq-km area a day and then divert it to the Yangtze River estuary.

The World Bank has loaned the city 145 million U.S. dollars for the project. [passage omitted]

FINANCE, BANKING

Finance Ministry Official Stresses Accounting Law

OW0505120890 Beijing XINHUA Domestic Service
in Chinese 0703 GMT 30 Apr 90

[Text] Beijing, 30 (XINHUA)—On the occasion of the fifth anniversary of the implementation of the "Accounting Law of the PRC," a responsible person of the Finance Ministry talked to a XINHUA reporter, expressing the hope that, through the efforts of all quarters and further implementation of the "Accounting

Law," we could foster a healthy social atmosphere of respecting and supporting accounting personnel in executing their duties according to the law.

The responsible person pointed out that thanks to the efforts of the relevant administrative and finance departments at all levels and of the large number of finance and accounting personnel, we have scored marked results in implementing the "Accounting Law" over the past five years. Accounting is playing an increasingly important role in upholding the state finance and budget system, protecting socialist public property, strengthening economic management, and raising economic efficiency, while the vast numbers of economic workers and accounting personnel have enhanced their legal concept of accounting. However, in some localities and units, where accounting has not yet been brought into effective play, failure to strictly observe and enforce the law and to deal with lawbreakers is rather common.

The responsible person stressed that accounting is an important component of economic management. Leading cadres of all local governments and relevant departments should take the lead in studying and implementing the "Accounting Law" and supporting accounting personnel in executing their duties according to the law. All relevant administrative departments should earnestly supervise the implementation of the "Accounting Law" by their subordinate units; they should duly punish officials who violate the "Accounting Law," especially investigating the legal responsibilities of officials who take advantage of enforcing the law to retaliate. Finance departments at all levels should regard publicity, implementation, and enforcement of the "Accounting Law" as a long-term regular task, and integrate this task with the upgrading of accounting work, so that the "Accounting Law" can be implemented on a more solid and regular basis.

Guangzhou To Tackle 'Triangular' Debt Problem

HK1505022790 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English
15 May 90 p 1

[by Daniel Kwan]

[Text] Guangzhou will solve its seven billion yuan (about HK \$11.55 billion) triangular debts problem by the end of the year and the city is studying the possibility of setting up a stock exchange.

Guangzhou's vice-mayor Lei Yu, who heads a special task force to solve the city's triangular debt problem, said more than three billion yuan was spent last year to help enterprises clear their debts. Of this, 2.4 billion yuan was spent on enabling the enterprises to start production.

According to Mr. Lei, the city has a 200 million yuan debt surplus with enterprises in other regions. Guangzhou enterprises owed those in other regions a total of 3.4 billion yuan, while Guangzhou is owed 3.6 billion yuan.

The total amount of triangular debts in China is estimated at 150 billion yuan.

Mr. Lei said about 160 enterprises were having problems with their production last year because of the triangular debt problem and 18,000 workers were underemployed.

However, Mr. Lei said no enterprise had been closed down and the number of underemployed workers had been cut to about 5,000.

According to him, three reasons were behind the debt problem. They were a serious shortage of capital among enterprises, the restructuring of Guangzhou's financial system and a sluggish market.

Mr. Lei said the restructuring of the financial system was implemented at the wrong time, adding the city had implemented a clearing system under which enterprises cleared their transactions in cash.

Previously, Chinese banks had played a role similar to a central clearing house and very little cash was involved.

"It makes life difficult for everyone if you implement a cash clearing system for all enterprises that requires them to have lots of cash when everyone is short of capital," Mr. Lei said.

"The timing is not right and the change is not successful," he added.

Mr. Lei said the cash-clearing system was cancelled last month and the old system was reinstituted.

"We expect the triangular debt problem to be solved by early next month, then we will deal with the debts of enterprises outside Guangdong," he said.

Mr. Lei said the tight monetary policy of Chinese banks was a big factor behind the city's triangular debt problem.

"Our banks use high interest rates to attract deposits to stabilise market and control prices. But it [high interest rates] is bad for maintaining an active market, and robust growth of the industry," he said.

"Instead of spending their money, people deposited them in banks...but the ultimate purpose of production is consumption," he added.

Mr. Lei also said Guangzhou was preparing for its own stock exchange to help enterprises raise capital.

"Preparations are in the preliminary state. We will have companies listed on the stock exchange and they will include some holding companies and foreign companies which invest in Guangzhou," he said.

He said the city would not copy Hong Kong's model, although it might have companies specialised in the underwriting of shares.

"These are the essential ingredients of a commercial economy and I expect if you want this [stock exchange], all these [underwriters] will have to come along.

"The question is who they serve. There are a lot of things which exist under capitalism that can also serve socialism," he said.

Mr. Lei, 55, declined to say whether he will succeed the incumbent mayor Yang Zhiyuan.

INDUSTRY

Resolving Contradictions Between Industry, Commerce

90CE0186A Beijing JINGJI RIBAO in Chinese
16 Mar 90 p 2

[Article by Dong Gong (2639 7895): "Ways To Resolve 'Hard-To-Settle Lawsuits and Cases'"]

[Text] As the PRC has not yet recovered from our market slump, how to bring the initiative of our commercial sector into full play to increase our sales of manufactured goods, has become a current issue demanding a prompt solution. Our present overstocking of industrial end products, the sharp drop in sales and clear decrease in stocks of our commercial sector, and our serious defaulting on loans between industry and commerce, are inhibiting the stability of our production and the expansion of our commodity circulation.

These contradictions are being reflected in our fund situation, and can be seen mainly in the following "three increases and decreases:" our stocks of manufactured goods are increasing while our stocks of commercial merchandise are decreasing; our commercial arrears on industrial loans are increasing while our industrial arrears on commercial loans are decreasing; the amount of our industrial loans is increasing while the amount of our commercial loans is decreasing. In addition to resulting from market fluctuations and tight money, the even more significant cause of this situation is the increasingly colder supply and marketing relations between our industrial and commercial enterprises, with "industry being in charge of industrial sales, commerce controlling commercial sales, industrial stocks increasing, and commercial purchasing being curbed," which is turning the contradictions between industry and commerce into "hard-to-settle lawsuits and cases."

As the contradictions between our industry and commerce are long-standing ones, a careful analysis of them shows without much difficulty that profit distribution is their source. The widespread implementation of the contract management responsibility system by our industrial and commercial enterprises in line with our deepening of economic reform, has closely linked the quality of our enterprise production management to the vital interests of staff members and workers, given both our industrial and commercial enterprises a better sense

of the meaning of efficiency, fund turnover, and input-output, and changed our former system of state monopoly for purchase and marketing in which "industry reported only good news, commerce reported only bad news, and public revenue was a sham." However, the current limitations on these partial and local interests in our overall economic activity and, motivated by striving for profits, the giving of primary consideration by both our industry and commerce to their own economic efficiency, is bound to cause each side to stick to their own stand and, when products are in short supply and great demand, "profits not to be allowed to end up in others' pockets" and industry to handle more of its own sales and refuse to transfer them to the commercial sector. Ever since our industrial and commercial markets became more balanced, now in particular, and our product price increases were curbed, our commercial sector has changed its former method of raising commodity prices to achieve efficiency, to increasing its markup for local products and underbuying the industrial sector to make itself more competitive. As our enterprises now have a smaller percentage of their own funds and, to sustain their production and management, depend mainly on bank loans on which interest rates rose from 6.6 percent in 1987 to 9.45 percent in 1989, extrapolating from a markup of 10 percent, monthly interest of 9.45 percent on bank loans, and other costs, they will sustain losses if the turnover period for their commodity stocks exceeds three months. Thus, the necessity for our commercial sector to make only prudent purchases, acquire goods before loans, and sell on commission, has caused overstocking of manufactured goods, defaulting on loans between industry and commerce, and increasing contradictions.

The aging of our product mix and our inability to compete are undeniably affecting our product sales. A survey of the sales of nine local products in the city of Jinan, has found that high prices, uneven quality, single designs and colors, and a lack of competitive market advantages are widespread problems. Moreover, the storage role of our commercial sector is being increasingly weakened because policies are incomplete. Our industrial sales are steadily increasing, and our factories are selling their products directly to grade-three wholesale and retail enterprises. The fact that we have only one grade of commercial loan interest rates for both wholesalers and retailers, along with our lack of favorable policies in areas, such as bank loans, tax collection, and contract profit targets, for small commodities, commodities which are sold at fixed prices, or seasonal sales of products that are produced year after year, dampens the enthusiasm of our grade-two commercial centers to bring their storage role into full play. Our shortage of commercial stocks, and our production being cut off from our marketing, are causing increases in our industrial stocks and curbs on our commercial purchases. These abnormal production and marketing relations between our industry and commerce, are having a harmful long-range impact on our industrial production development and

market prosperity, and are worsening the disorder in our socioeconomic life to a certain extent.

As industrial production is the basis and source of commercial prosperity, and production development depends on commercial guidance, our economy can grow steadily only if these contradictions are acknowledged and resolved, and administrative, legal, and economic means are used to rationalize the relations between industry and commerce faster.

Rectifying our circulation order and enhancing our overall administration, will create a good external environment for planned commodity circulation. All of our nonmainstream commercial wholesale companies, and our management companies that are intermediate links, should now be firmly sorted out, and our state pricing policies on the purchase and sale of commodities must be enforced conscientiously, with different prices being set according to wholesale links, for those that can be retained and mainstream wholesale enterprises. Our price control departments must inspect and supervise this checkup and impose economic penalties on violators, in order to change the situation of "sweeping price rises caused by too many links." Directive planning will be used to control key commodities that are in short supply and great market demand, and our industrial sector must turn them over to our commercial sector according to plans. It is recommended that our commercial sector take active steps to procure key national commodities, even though it may cause temporary overstocking.

Protection and encouragement policies should be put into effect, to bring the "storage" role of our commercial sector into full play faster. As our industrial production and grade-two wholesale enterprises are the ones which are suffering directly from our current market slump, our finance, taxation, and responsible departments should draw up relevant provisions to give them preferential profit target and tax treatment, the departments concerned should make appropriate adjustments in their markup rates for local products, and our financial sector should change its past lack of distinction between wholesale and retail and use of a single criterion for loan interest rates, to a policy of differential interest rates and, in particular, give favorable terms on loan interest rates to grade-two commercial centers for procurement of small, market-sensitive, and seasonal commodities. Steps can be taken to inject starter funds with set quotas and directions into our commercial sector for locally produced manufactured goods that are temporarily overstocked or unmarketable, to both resolve the issue of "swelling industrial stocks" and help to increase commercial sales.

Forces of mutual benefit to both industry and commerce should be established to form stable relations between them. Sales should be increased in diversified ways, such as through joint management and marketing by industry and commerce, to both pressure and invigorate each side. Both sides should preserve and establish normal

cooperative relations, regardless of whether markets are brisk or weak. Our production enterprises must now take a long-range view by making concessions to commerce, while our commercial sector must help industry make concessions to the people by sending commodities to the countryside, supporting production, and cooperating to open up common product outlets.

Our product mix must be revised, and our ability to compete must be enhanced. From the angle of our product competitiveness, industry is the source of our market slump and the glaring contradictions between our industry and commerce. Our industrial enterprises should make vigorous use of new technologies to manufacture more marketable merchandise, while revising their product mix, enhancing their management and administration, and improving their capacity to digest and endure, in order to adapt to market fluctuations.

Used Industrial Equipment Market Reduces Waste

OW1204112690 Beijing XINHUA in English
1043 GMT 12 Apr 90

[Summary] Wuhan, April 12 (XINHUA)—A second-hand industrial equipment market has emerged in China's industrial centers, allowing enterprises to reduce waste and use idle machinery efficiently. The industrial equipment regulating market in Wuhan has even begun developing ties with overseas firms.

Previously, equipment distribution and movement was controlled by the state, and enterprises were not very active in handling idle equipment. This equipment, at times stored in the open air, was often damaged or ruined.

The reform and responsibility system made it possible to establish industrial equipment regulating markets which specialize in idle equipment. There are now more than 110 such markets in more than 20 provinces and cities.

Efforts are underway to expand overseas business in secondhand industrial equipment. Much of current equipment imports could be replaced by secondhand equipment, which would save a large amount of foreign exchange.

RENMIN RIBAO Cited on Rising Industrial Production

OW1004111490 Beijing XINHUA in English
1036 GMT 10 Apr 90

[Text] Beijing, April 10 (XINHUA)—China's industrial production rose in March after falling in the two previous months, according to figures from the State Statistical Bureau (SSB) reported in today's PEOPLE'S DAILY.

The country's industrial output value last month reached 159.5 billion yuan (34 billion U.S. dollars), 1.4 percent more than in the same period last year.

Economists warn, however, that industrial production, plagued by low efficiency, still faces a "grave" future and say greater efforts are needed to bring it out of its slump.

According to an SSB report released on Monday, combined industrial output value in the first quarter of this year was the same as for the same period last year, 415.8 billion yuan (88.3 billion U.S. dollars).

Light industrial output value dropped by 0.2 percent to 201.8 billion yuan while heavy industrial output inched up 0.2 percent to 214 billion yuan.

Industrial output value of state enterprises in March remained the same as in March last year while that for collective enterprises was up by 0.7 percent and township enterprises grew by 5.4 percent.

The report says basic industries such as energy and electricity continued to rise steadily in the first quarter while processing industries, particularly the mechanical, electrical and auto industries, reported significant declines.

Production of non-renewable energy in the first three months this year was 6.7 percent more than that of the same period of last year while that of bicycles, sewing machines, color TV sets and refrigerators dropped by from 18.5 to 49 percent.

The report says productivity in state-owned enterprises dropped by 2.3 percent in the first two months this year due to sluggish sales and a lack of working capital.

Auto Industry Receives Central Bank Loan

HK0704032090 Beijing CHINA DAILY in English
7 Apr 90 p 2

[Excerpt] China's auto makers are confident of surviving the economic retrenchment as the State-chartered trade corporation has been lowering their stockpiles with a central bank loan.

The People's Bank of China approved a 110-million yuan (\$23.4 million) to the China National Automotive Trade Corporation (CNATC) on Thursday.

Chen Ping, chief economist with the trade group, said yesterday the loan will be used to buy stockpiles of major automobile manufacturers.

CNATC has already received 700 million yuan (\$148.9 million) bank loans in the past few months to buy stockpiles in a so-called bail-out programme that aimed to prevent auto manufacturers from closing down because of cash shortages.

So far, 560 million yuan (\$119.2 million) has been used and some 6,900 vehicles purchased from the stockpiles, Chen said.

The programme that started last October will continue with the 250 million yuan (\$53.2 million) on hand, the chief economist said.

By now, some automotive manufacturers, including the Sino-U.S. joint venture Beijing Jeep Corporation, have been helped out of their stockpile burdens and returned to normal operation, she said.

The advance of the programme, along with the rebounding of market demands for vehicles, is helping China's major automakers ride out of difficulties.

Domestic demands are expected to pick up not only for the sales of purchased cars, but also for the State-set output of 510,000 vehicles for this year, Chen said.

"Our corporation functions as a cushion against the bumper of the austerity drive and we've done it quite well," Chen said. [passage omitted]

Automobile Sales Increase in March

OW0805083390 Beijing XINHUA in English
1006 GMT 8 May 90

[Text] Beijing, May 8 (XINHUA)—China's auto sales, which were sluggish in January and February, began to pick up in March, XINHUA learned from the China Automobile Trade Corporation here today.

Statistics from 70 automakers throughout the country showed that they sold a total of 37,000 vehicles in March—55 percent and 23 percent more than in the first two months this year, respectively.

According to urban sales department statistics, auto sales in March quadrupled compared to those in January and were 3.3 times as many as in February.

Beijing First-Quarter Industrial Output Value Falls

OW0505181690 Beijing XINHUA in English
1428 GMT 5 May 90

[Summary] Beijing, May 5 (XINHUA)—Beijing industrial production reached 4.03 billion yuan in April, up five percent over April 1989. Beijing's first-quarter industrial output value dropped 4.3 percent compared with the first quarter last year because of sluggish sales, funding shortages, and the heavy debts of many enterprises.

The municipal government has implemented measures to encourage industrial production, including increasing loans, supplying needed materials, and adjusting foreign currency quotas and measures to promote sales.

According to Yan Chengzong, head of the Beijing Economic Commission, in the first four months of 1990 the municipal government invested about 100 million yuan on technical innovation of factories and product development.

He said that a total of 2.88 billion yuan in debts was repaid by enterprises in the first four months, and that the debt problem has been basically solved. However, Beijing industries are currently trying to make up for reduced output in the first quarter, reduce inventories, and promote sales.

Guangzhou Industrial Output Sets New High*HK0705080590 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 5 May 90*

[Excerpt] According to statistics from the department concerned, Guangzhou City's industrial production continued to pick up between February and April of this year.

Guangzhou City's total industrial output value reached 3.3956 billion yuan in April, exceeding the all-time high attained in the same period last year by 1.1 percent. It was a 2.65-percent increase over the previous month. [passage omitted]

Henan Industrial Production Grows in April*HK0805025590 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 6 May 90*

[Excerpt] According to statistics from the Henan Provincial Statistics Bureau, Henan successfully readjusted its industrial product mix and witnessed steady industrial growth in April. April's total industrial output value showed a 3-percent increase over the previous month.

However, numerous problems still exist in Henan's industrial production. The major factor hindering industrial development is still market weakness. Statistics show that some 48.1 percent of Henan's 79 major products saw an increase in production output in April. The province also witnessed substantial growth in raw material and energy production and a steady increase in daily necessity production, but a sizable decrease in durable consumer goods production and marketing. [passage omitted]

Jiangxi Industrial Output Value Up in First Quarter*HK0604070990 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 4 Apr 90*

[Excerpt] In the first quarter of this year, Jiangxi's industrial output value topped 8.383 billion yuan, representing a 1.6-percent increase over the corresponding period of last year.

In March of this year, Jiangxi's industrial output value increased by 29.6 percent over the previous month.

In the first quarter of this year, Jiangxi's industrial production was characterized by continued improvements in production, continued increases in the output value of export-oriented production, a substantial increase in the output value of industrial enterprises directly managed by central and Jiangxi Provincial Authorities, and a slowing of the decline of light industrial output value. [passage omitted]

Changchun No 1 Motor Vehicle Plant Opens*OW2304061490 Beijing XINHUA in English 1428 GMT 21 Apr 90*

[Excerpt] Changchun, April 21 (XINHUA)—A new plant with the capacity to produce 30,000 cars annually at the Changchun No. 1 motor vehicle plant went into operation today.

The plant, built with Volkswagen technology, produced its first Audi car today. [passage omitted]

Shanghai Increases Industrial Production in April*OW0405185390 Beijing XINHUA in English 1519 GMT 4 May 90*

[Summary] Shanghai, May 4 (XINHUA)—Shanghai generated 9.916 billion yuan in industrial output value in April, 1.1 percent more than in April 1989, and two percent more than in March. April export production totaled 1.463 billion yuan, 10.8 percent more than in March.

According to the statistical bureau, the output of cloth, silk textiles, wristwatches, and electric fans in the past four months increased 12, 12, eight, and 20 percent respectively over the same period last year. Production of agricultural-related industrial products and daily necessities increased by 10 percent, while production of unmarketable products like radios, recorders, cameras, and spirits fell by more than 20 percent.

Shanghai Launches Industrial Development Plan*90CE0016A Hong Kong LIAOWANG [OUTLOOK] OVERSEAS EDITION in Chinese No 9, 26 Feb 90 pp 12-13*

[Article by Hu Min (3337 3046): "Shanghai Launches Industrial 'New Development' Plan"]

[Text] The Shanghai municipal government has pushed an active economic "stamina" plan for the 1990's. The main contents of this plan, dubbed "Shanghai's new industrial development," are "Five 100's and Two 10's": to annually focus on 100 important technological development enterprises, 100 technological reserve product development projects, 100 new trial product projects with an output value exceeding 5 million yuan, 100 integration and assimilation projects, and 100 new, general, and basic technological development and application projects. The plan calls for an annual 10 percent product replacement rate and an annual 10 percent increase in new product output value.

Gist of New Technology, New Products

The plan embodies the strategic thinking of the Shanghai Municipal CPC Committee and the municipal government: three years of improvement and rectification are an opportune chance that will not come again. These 1,000-plus work days will be far from sluggish. Meticulous plans have been made in order to "fly out of the old nest and leap to a new stage." Every year 100 key

technological development enterprises will be identified as backbone technological development enterprises. They will receive key support and follow up. This group of technological development enterprises are primarily the backbone enterprises of leading industries. They are enterprises with the capability for independent development and with high levels of technology; enterprises with large values of output, tax revenues, and export earnings; and main enterprises which can spur development of related goods. Technological development can not only give these enterprises a new look, but also can play a model role in intra-industry development.

In 1990 the lead development focus is on the 100 technology reserve products, including new style medium-grade coaches, precision-controlled machine tools, new cotton-spinning equipment, large numerically-controlled exchange equipment, microcomputers, and color video. These are high technology, high value-added products with potential international and domestic markets. They can generate large export earnings and replace imports.

The plan is to produce 100 new products annually, with an output valued over 5 million yuan. They will be a key link in transforming scientific and technological achievements into products, and will be a key channel for improving technological levels and observing economic benefits. These 100 projects are all economically beneficial, in high demand, and can ensure effective supplies. For example, this year's plan for key test product include stereo units, new paste-like resins, resembling silk, and 300,000 kilowatt oil tanker machinery.

The aim of the 100 integration and assimilation projects is to save or earn \$200 million to \$300 million annually. These projects all need a large amount of foreign exchange, have prospects for export, and over a wide range of areas and technologies. They can spur on different industries to raise their technological levels. In the process of integration and assimilation, they will surmount technological barriers and strive to raise the domestic production rate of imported products. They will also closely link integration, assimilation, the shift toward domestic production, product development, and the application of new technology, as well as raising the minimum level of product technology and the speed of new product development.

Based on the needs of Shanghai's product mix readjustment, the emphasis of the 100 new technological projects for 1990 is on the renovating traditional industries using microcomputer technology; machine-building and electronics; mold technology; surface handling technology; hydraulic pressure pneumatic motion parts; low noise bearings; powder paints; fine industrial materials; engineering plastics; and rare earth materials, etc., with integration, assimilation, and development applications in order to improve overall industrial and product technology levels. In order to attain practical results, stress will be placed on development, application, and benefits.

Soar Ahead and Lay a Foundation for Industry

Shanghai's greatest strength is its 400,000 scientific research personnel. The main characteristic of Shanghai's industrial development plan is the full utilization of its scientific research units and large trade schools. Some high technology, general technology, and highly difficult projects such as precise molds, surface handling technology, and large-scale integrated circuits will be given to research institutes and large trade schools so as to more effectively unite science, technology, and production. In order to expand enterprises' technical development investment, we will encourage enterprises to set aside one percent of sales [earnings] for technical development in accordance with relevant fiscal regulations.

By both stressing product reserves and development applications, Shanghai's industry will have a 10 percent annual product replacement rate and a steady 10 percent increase in output value of new products. By the mid-1990's, more than half of Shanghai's main industrial products will have been replaced, and the annual output value of new products will exceed 10 million yuan. Shanghai basically will have attained the "three transformations": from primitive to technology-intensive; from high consumption, low value-added to low consumption, high value-added; and from foreign imports to foreign exchange earning exports. In this way, Shanghai can soar ahead and lay a foundation for its industry.

CONSTRUCTION

Tianjin To Improve Energy, Transportation Projects

OW0405231390 Beijing XINHUA in English
1416 GMT 4 May 90

[Text] Tianjin, May 4 (XINHUA)—Tianjin, one of China's three municipalities, is speeding up construction of energy, transport and raw material industrial projects.

According to a municipal official in charge of capital construction projects, the city will expand three local power plants, build a Beijing-Tianjin-Tangshan expressway and upgrade an airport and a port this year.

It will also construct the capacity to turn out 500,000 tons of seamless steel pipes, 150,000 tons of cold rolled steel sheets, 10,000 tons of methionine and 50,000 tons of glass bottles a year.

To ensure completion of key capital construction projects, the official noted, the city cancelled or postponed construction of 35 projects involving 192 million yuan (about 40.85 million U.S. dollars) last year.

FOREIGN TRADE, INVESTMENT

Surviving Peak Foreign Debt Repayment Phase

90CE0088A Beijing GUOJI SHANGBAO in Chinese
31 Mar 90 p 3

[Article by Chen Mingxing (7115 2494 2502): "Counter-measures for Smoothly Negotiating the Peak Foreign Debt Repayment Phase"]

[Text] China will reach a peak period for repayment of foreign debt in 1992. It is, first of all, beyond the slightest doubt that China is completely capable of paying off its foreign debts. There are two reasons for this: 1) China's exports are developing rapidly and guarantee China's orderly repayment of its foreign debt. 2) China's debt service ratio and total debt ratio index are both below internationally recognized safety margins. In 1988, China's debt service ratio was 15.2 percent and its total debt ratio was 84.4 percent, while the internationally recognized safety margins are, respectively, 20 percent and 100 percent 3) By late 1988, China's foreign exchange reserves had reached 17.5 billion dollars, surpassing total three-month expenditures for imports. This enables China to deal with any sort of any unforeseen emergency. However, as we express optimism about China's overall foreign debt situation, we should keep our eyes open to the growth of some harmful factors.

I. Analysis of Measures To Smoothly Negotiate Peak Foreign Debt Repayment Phase

1. **Establishment of a national sinking fund.** A national sinking fund is used specifically for the purpose of repaying foreign debts. It is established to deal with a peak foreign debt repayment period when an effective foreign debt service mechanism has yet to be put in place. It plays a short-term and temporary role. For this reason, a proper foreign reserve base should not include a state sinking fund. The total state foreign exchange reserve should be larger than the appropriate foreign exchange reserve, which is to say that China's state debt service fund plus the state's appropriate foreign exchange reserve together constitute China's state foreign exchange reserves.

In establishing a state sinking fund, we should resolve the issue of the lead period. The state sinking fund should be established an appropriate length of time in advance of the peak foreign debt repayment phase. In this manner, when the peak repayment period arrives, the government can muster sufficient debt repayment resources, and we can avoid having an excessively large sinking fund, which would affect the returns to the state which accrue from China's foreign exchange operations.

2. **Taking out new loans to repay the old.** If we do not consider the interest differential between new and old loans, then taking out new loans to repay the old ones amounts in essence to improving the schedule of foreign debt repayments while maintaining total debt at a constant level. It means, in other words, to reduce payments

at the peak period while increasing payments for a few years thereafter, thus postponing part of the peak period debt repayments until a slack period. For this reason, taking out new loans to pay off old ones cannot directly resolve the debt repayment problem; it can only lighten the burden at a specific point in time and provide a more relaxed debt repayment period so as to resolve the debt repayment problem in an orderly way without affecting normal economic development.

There are two main ways of taking on new debt to repay the old. One is to take out loans from governments, international financial organizations, and commercial banks. The other is to issue long-term bonds. In actual work, however, there are two issues one must take care to handle properly. First, one must control total debt and avoid taking on too much debt all at once. Second, one must stagger debt issues, spread debt among all the major financial markets, and avoid concentrating it all in one market. If these two issues are not handled properly, it can affect the timely completion of debt plans and, as well, as one's reputation with creditors.

3. **Rescheduling debt.** When debts are rescheduled, the debtor nation and the creditor nation (governments, international financial organizations, commercial banks, enterprises, etc.) consult with each other about postponing or even cancelling all or part of the debts. This has been one of the main methods which developing nations have employed to resolve debt problems in consultations with creditor nations—developed nations—since the ever worsening debt crisis exploded in 1982.

China's foreign debt situation is basically very good, and there is no urgent need to reschedule debts. However, we absolutely must not for this reason have a let-down and miss a very good opportunity. We should clearly note that the primary cause of debt problems or debt burdens in developing countries was the unfairness of the old international economic order. Under the old order, developing countries were subjected to exploitation and plunder while developed countries reaped great monopolistic benefits. This caused severe economic problems. Economic development in presently developing countries has stagnated, and the debt crisis has grown worse. Developed countries must accept principal responsibility for this and should take appropriate measures to make up for it. They should work to alleviate the debt burden of developing countries, and should provide new loans to spur economic development in developing countries.

As one of the developing countries, China has the right to obtain and make use of this method of rearrangement of debts. In concrete, we should focus immediately on consulting with creditor nations to reschedule our debts, and we should make a great effort to achieve breakthroughs in the following two areas: 1) We should work to have part of our debts to governments and international financial organizations cancelled, and to postpone

repayment on part of our debts. 2) Interest rates on commercial bank loans should be lowered nationwide.

If we can achieve relatively big breakthroughs in these two areas, we will be able to greatly alleviate China's debt burden over the next few years, and we will be able to use our thus enhanced foreign exchange strength to pursue economic construction, and lay a sound foundation for soaring economic development in the 1990's.

4. Capitalization of claims. Capitalization of claims refers to a situation in which the creditor nation relinquishes its demand for repayment of part of the debts owed to it in exchange for fixed assets from the debtor nation of an equivalent value, and the right to develop and operate a business at the site of these assets.

To a certain extent, capitalization of claims is a relatively advantageous choice for both the creditor and debtor nation. For the creditor nation, capitalization of claims yields the following results: 1) Ample repayment can be obtained, thus avoiding losses which would result if debt difficulties forced a reduction of the debtor nation's obligations. 2) New channels of investment can be found for surplus funds in the creditor nation. 3) The creditor nation can avoid wasting time in setting up a project. Once debt negotiations have been completed and the ownership of actual fixed assets has been determined, production can commence immediately. 4) Market potential is great and labor costs are low in developing countries, which provides an excellent economic environment for production and business operations by the creditor country. For the debtor nation, capitalization of claims yields the following results: 1) Foreign debts can be repaid in an orderly manner, and the debtor nation can thus protect its reputation among creditors. 2) Foreign-invested enterprises can be increased in number and expanded in scope, which helps to develop domestic industrial technology and increase exports. 3) It lays a sound foundation for attracting more direct investment by foreign firms.

There is a broad range of choices for carrying out the capitalization of claims: 1) large- and medium-sized enterprises can implement stockholding systems and sell a part of the stock; 2) ownership of medium- and small-sized enterprises can be transferred completely; 3) permits can be granted for operating mines; 4) land can be rented out; 5) tourist sites can be developed. For these reasons, if we do a good job with our work to capitalize claims, there is no doubt that China's debt problem can be effectively alleviated.

As we implement the capitalization of claims, we should remain constantly alert to prevent control or monopoly by foreign capital of certain economic lifelines. We must assure that the capitalization of claims plays a positive, beneficial role in China's economic construction.

5. Adjustment of the total amount and structure of trade. The object of adjusting the total amount and structure of trade is to strengthen China's ability to support foreign debt and assure normal, healthy economic development by adjusting

imports and exports. This can be carried out primarily by: 1) expanding total exports and increasing foreign exchange earnings; 2) decreasing total imports and raising foreign exchange reserves; 3) increasing exports of finished goods and decreasing exports of raw materials; 4) limiting imports of consumer goods and maintaining or even expanding imports of technology and capital goods which cannot be manufactured domestically.

If we take the five measures described above, consider then all together, and implement them within a comprehensive framework, we will be able to resolve China's foreign debt repayment problem, and we will be able to prevent the repayment of foreign debt from affecting normal economic development. Furthermore, to a certain extent it can benefit China's improvement and rectification of its economic environment and economic order. Therefore, we ought to attach great importance to these measures.

II. Suggested Measures To Smoothly Negotiate Peak Foreign Debt Repayment Phase

1. Get a clear picture of the foreign debt situation. In June 1987, with the approval of the State Council, the State Administration of Exchange Control took responsibility for the task of establishing a statistical and oversight system for China's foreign debt. It has now begun to implement a comprehensive system of statistics and oversight for China's foreign debt which conforms with international requirements. This will undoubtedly help us to understand in an accurate and timely manner the development of China's foreign debt situation over the past two and a half years. However, our understanding of the fundamental situation before that time, particularly the loans taken out by enterprises, is very uncomprehensive because of repeated management errors over the course of history. Although enterprises borrow and repay loans independently, and do not require that the state assume any burden, when enterprises are unable to regulate their own foreign exchange they have to resort to the foreign exchange market, which imperceptibly adds to the state's foreign debt repayment burden. Therefore, we must carry out a large, comprehensive study of China's foreign debt situation, and then, based on this, we must calculate the sum total of foreign debts which China must repay over the next few years. This is an absolutely necessary basis for the measures by which we are to deal with the peak foreign debt repayment phase.

2. Clarify debt repayment responsibility. We should adhere to the policy of "whoever borrows, repays; whoever uses, repays." We should clarify the responsibility of every work unit and department to repay their debts. When an enterprise takes on debt, that enterprise should repay it. If it lacks sufficient foreign exchange, it can make up for what it lacks on the foreign exchange market or borrow it from the Bank of China, but it cannot push off responsibility on the local government or on its responsible department. When a local government or a department take out loans, they must repay them on their own. If they lack sufficient foreign exchange, they can borrow from the state (which must for its part

control total loans) or take appropriate measures as conditions permit, but they must not push off responsibility upon the state. In this manner, we can, in the first place, prevent some work units and departments from pushing off too many debts upon the state, thereby creating a situation in which "the state's foreign exchange reserves are all eaten up, and work units and departments eat up all the foreign exchange." In the second place, it will help the state to gain a comprehensive understanding of the structural distribution of the holders of debt in China, and it will help the state to base itself on the economic situation and debt size of the various categories of debtors as it formulates measures to deal with debt.

3. A comprehensive repayment policy for the state's debts. A comprehensive repayment policy for the state's debts is formulated on the basis of a comprehensive understanding of the state's debt situation, and upon the size of the debt. If the state's debts are relatively small, our sinking fund may be sufficient to offset the debts. If the state's debts are relatively large, we need to consider, within the framework of the state's comprehensive repayment policy, the following sequence of measures: 1) adjust total import volume; 2) use the State's foreign exchange reserves; 3) take on new debt to repay the old; 4) capitalize claims; 5) reschedule debt. Among these measures, the capitalization of claims is a very promising option. For one thing, it helps us to bring in advanced management experience from abroad. For another thing, it will help us to attract more direct foreign investment in the future. Therefore, even if our total debt is relatively small, a plan for capitalization of claims can still be considered.

As we formulate a comprehensive debt repayment policy, we must also pay attention to the need to rationally coordinate various different policies. This requires that we do further analysis of China's economic situation and various positive and negative consequences which could result from any debt repayment policy.

MOFERT Official Airs Foreign Trade System Reform

90OH0482A Beijing QIYE GUANLI [ENTERPRISE MANAGEMENT] in Chinese No 2, Feb 90 p 11

[Article: "MOFERT Vice Minister Li Lanqing Discusses Perfecting the Foreign Trade System and Expanding Foreign Trade Business"]

[Text] Li Lanqing [2621 1526 3237], PRC vice minister of foreign economic relations and trade, told a QIYE GUANLI reporter on the eve of the Spring Festival about the following policy steps that will be taken in 1990 to perfect the foreign trade system reform and motivate development of all types of foreign trade business:

1. The Policy of Improving the Economic Environment, Rectifying the Economic Order, and Deepening Reform Will Be Carried Out, and All Means Will Be Used To Ensure the Steady Growth of Exports in the Following Ways:

1. Positive steps will be taken to encourage exports and further restructure our foreign trade commodity mix. Based on the principles of optimizing our export mix and giving consideration to both domestic and foreign sales, we will continue to restructure our export commodity mix, control and reduce exports of resources that are in short domestic supply, take active steps to export more manufactured goods and highly-processed and high-tech products, such as electronics products in particular, help to increase exports by foreign-invested enterprises, further develop exports of rural products that earn foreign exchange, and vigorously increase our variety of designs and colors, raise our product quality, improve our sales promotion services, and enhance our competitive capability on the international market. While working hard to increase our exports, we will focus the use of our limited foreign exchange on ensuring imports of the key equipment and materials that are indispensable to national production and construction and the people's livelihood.

2. The favorable factors of exchange rate adjustment will be used correctly and procurement prices will be controlled strictly to stop the prices from climbing with exchange rates. If we only adjust the exchange rate but not strictly regulate and control the procurement prices, we not only would defeat the purpose of promoting exports which is why we adjust the exchange rate, but also propel a domestic price increase, resulting in harmful consequences. That is the reason why the procurement prices of export commodities must be set, not by whim, but by the principle of "same price for same quality and top price for top quality" as it is for the domestically-sold commodities. State-set maximum price limits may not be exceeded, and the concerned departments should take strong overall steps to firmly stop forcing up of commodity prices and panic buying. In order to reverse the bad trend of export costs climbing with exchange rates, steps will be taken to set maximum procurement prices for certain commodities.

3. Classification categories and management division of labor for export commodities will be appropriately modified, the variety of commodities listed in plans will be increased, and control over planning, guidance, and coordination will be enhanced. Management and administrative methods for Nos 1 and 3 export commodities will not change. The variety of commodities listed in plans will be appropriately increased, and control over planning, licences, and quotas will be enhanced mostly for No 2 export commodities that are in short domestic supply or have a limited international market capacity, centralized export markets, or sensitive prices.

4. All kinds of foreign trade companies at all levels will be firmly checked out and reorganized. We will not assign 1991 export plans to any companies which we decide to close down and merge. Moreover, we will not allow companies to refuse to close down or be merged merely because they have committed themselves to export plans, and the management of commodities and responsibility for planned export tasks of companies which have made export plans but may be closed down

and merged in the future, will be transferred to the companies that are retained; 5. Other national trade policies will be implemented conscientiously to ensure the smooth growth of import trade;

II. The Policy of Reform and Opening Up to the Outside World Will Be Upheld, and Positive Steps Will Be Taken To Create the Conditions for More Effective Use of Foreign Capital:

We will continue to vigorously improve the investment climate and work hard to make our existing foreign-invested enterprises well run. We will learn faster how to draw up favorable industrial policies, attract foreign loans to industries that have development priority, such as power, transportation, and basic raw materials industries, and prevent nonessential and duplicate importing, while encouraging enterprises that use advanced technology and export their products. We will set up more joint and cooperative ventures to upgrade the technology of existing enterprises, and motivate our traditional industries to make technical advances and improve their products. We will take a cautious approach in our use of foreign loans, considering not only need but also our repayment capability, to ensure that all of our borrowed foreign debts are repaid on schedule;

III. Other Kinds of Foreign Economic Cooperation Will Be Actively Developed in the Following Ways:

1. We will take vigorous steps to enhance our foreign economic relations and trade cooperation with third world countries.
2. we will vigorously develop overseas project contracting and labor cooperation.
3. we will expand our foreign investments rationally and steadily. We will give priority to making prudent overseas investments, by setting up certain projects that exploit resources which are in short domestic supply, help to increase our exports, and attract advanced technology and information. We will selectively approve overseas investments by certain qualified large industrial enterprises, corporations, and conglomerates, and allow them to gradually develop into transnational corporations that are focused on one line of business yet diversified and multipurpose.
4. Premised on defending our state sovereignty, we will actively strive to obtain international aid.

Impact of International Multifiber Arrangement

90CE0040A Guangzhou ZHONGSHAN DAXUE
XUEBAO: ZHEXUE SHEHUI KEXUE BAN
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[Article by Zhu Jianjian (2612 1367 0256): "Prospects for the International Multifiber Arrangement and Economic Cooperation Between Guangdong, Hong Kong, and Macao"]

[Text] **Abstract** The issue of international textile trade has been formally included in the topics for this round of global multilateral trade talks. The future of the International Multifiber Arrangement signed by the textile importing and exporting countries has inspired the intimate concern of exporting plants and business in Hong Kong and Macao. Textile exports occupy the dominant position in the total exports of Hong Kong and Macao. The gradual liberation of international textile trade will have far-reaching impact on the exports and production pattern of Hong Kong and Macao. This new change in international trade is another "opportunity" for further development of cooperative economic relations between Guangdong, Hong Kong, and Macao.

Key Words Economic cooperation Guangdong, Hong Kong, Macao International Multifiber Arrangement

In recent years, development of economic cooperation relations between Guangdong, Hong Kong and Macao has provoked interest. Foreign and domestic scholars have researched it a great deal and published many articles about it. Naturally, the existence and development of these economic cooperation relations is inseparable from the policies of opening up to the outside and invigoration internally that Guangdong Province is carrying out. In terms of external conditions, it is also connected with various "opportunities" in the world economy. Starting with an analysis of the International Multifiber Arrangement and the changes in the industrial structure of Hong Kong and Macao's exports, this paper attempts to explore the prospects for development of economic cooperation between Guangdong, Hong Kong, and Macao from one aspect—textile exports.

International Multifiber Arrangement

The International Multifiber Arrangement is also called the international textile trade agreement. It is an agreement on international textile trade issues that the primary textile export and importing countries (and regions) have reached together under the sponsorship of the international relations general trade agreement (below called general agreement). As for the arrangement itself, it goes against the general agreement's principles concerning free trade. For this reason, the first article of the arrangement explains: "Since the measures adopted in line with this arrangement are to resolve special problems in textiles, these measures should be regarded as exceptional circumstances and should not be applied in other areas." This arrangement legitimizes the policies of the textile importing countries (primarily the industrially developed countries) with regard to quantity restrictions imposed on the textile exporting countries. In this sense, it is unfair to the textile exporting countries (primarily the developing countries). At the same time, this arrangement stipulates that the importing countries must not adopt new restrictions or strengthen existing restrictive measures on textile trade. When the importing countries feel that their markets are being disrupted, they should consult with the exporting countries to resolve it. In this way, the

arrangement also guaranteed to a certain degree the interests of the developing countries, maintaining relative stability in the world textile market.

According to the stipulations of the arrangement, the importing and exporting countries negotiate the conditions that both sides can accept and reach a bilateral textile trade agreement. The varieties of textile goods whose imports are restricted, the annual volume of imports, and the limits on the magnitude of annual increases stipulated in the bilateral agreement is the textile allocation system. Generally speaking, the allocation stipulated by the bilateral agreement can be revised at intervals on the basis of new situations. The basic principle of the general agreement is to promote free trade.

However, the primary textile importing and exporting countries jointly arrived at an agreement, i.e., the multifiber arrangement—taking into account the special circumstances of international textile trade. This arrangement legitimizes the policy of quantity controls on textile imports imposed by the developed countries. However, at the same time, the arrangement also stipulates that these quantity controls should be reached in bilateral negotiations, i.e., textile allocation—to guarantee fairness of allocation. Therefore, related to the advantages and disadvantages to the arrangement's member nations is the textile allocations determined by bilateral negotiations of the importing and exporting countries.

The International Multifiber Arrangement went into effect on 1 January 1974. At the time the effective period was four years. Initially, the member nations of the arrangement hoped by this form of international cooperation to eliminate the confusion that had appeared in international textile trade and to make the transition to a free situation in textile trade again in several years. However, because contradictions in international trade increased, the member nations had to continue relying on the allocation system to maintain trade order. So, they extended the time limit of the arrangement repeatedly and constantly expanded the range of the controls, too. The arrangement now in force is the fourth stage of the multifiber arrangement that has been through three extensions. Its effective period is from 1 August 1986 to 31 July 1991.

Hong Kong and Macao Textile Exports

Hong Kong and Macao are formal members of the multifiber arrangement. They have independent right to speak and enjoy the right to send delegations independently to conduct bilateral negotiations and sign bilateral agreements with the importing countries. At least up to the present, one could say that the multifiber arrangement has been very beneficial to Hong Kong and Macao textile exports. The textile allocation system and the fixed annual increases have guaranteed that Hong Kong and Macao textile exports can have a stable and constantly increasing share of the international market. Hong Kong's textile exports have always been large. Their allocations have been large so that Hong Kong's

export plants and businesses have reaped substantial benefits. Macao's textile exports used to be small. It was part of the "non-primary supply regions" and suffered fewer restrictions in allocation negotiations and application of "puhuishui [2528 1920 4451]." One could say that the rapid expansion of Hong Kong and Macao's textile exports in the past ten or so years is inseparable from the continued existence of the multifiber arrangement.

Textile products have always made up 40-50 percent of the gross value of Hong Kong's exports. The clothing industry, in particular, the value of exports makes up over one-third of the gross value of Hong Kong's exports. It is Hong Kong's largest export industry and it has led the world in exports since the seventies. We can analyze the impact of the multifiber arrangement on Hong Kong's textile imports from two perspectives. One is the value of textile exports. Take ready-made clothing, for example. In 1960, the value of Hong Kong's exports of ready-made clothing was HK\$1.01 billion and in 1974 it was HK\$8.75 billion. This is an increase of HK\$7.74 billion in the value of annual exports. In 1987 exports of ready-made clothing increased sharply to HK\$65.32 billion, a HK\$56.57 billion increase in the value of annual exports. This shows that after the multifiber arrangement went into effect, the scale of Hong Kong's ready-made clothing exports grew rapidly. The second is the textile export market. Let us use Hong Kong's exports of ready-made clothing as an example again. In recent years Hong Kong has shipped over 85 percent of its ready-made clothing to 10 countries of Western Europe and North America. These 10 countries all have signed bilateral textile agreements with Hong Kong individually.

The reliance of Macao's export industry on the textile allocation system is higher. One could even say that Macao's economic "take-off" benefited from the textile allocation system. Macao's economy developed rapidly in the mid-and late seventies. It was characterized by rapid growth in the export of manufactured goods, which promoted development of the entire economy. During this period, textile exports made up over 80 percent of the gross value of Macao's exports. Macao has no resources. It lacks capital and technology, and even its geographical conditions are not advantageous. After the multifiber arrangement went into effect, it is naturally no accident that Macao's export industry developed rapidly. A large group of Hong Kong and Macao businessmen started textile mills and clothing factories, relying primarily on Macao's textile export allocation. Like Hong Kong, Macao ships over 80 percent of its textile exports to 10 countries of West Europe and North America with which it has signed bilateral textile agreement.

Summarizing the above, to a considerable degree, Hong Kong and Macao's export industry has benefited from the textile export allocation system. Naturally the government and people of Hong Kong and Macao have followed with interest the future of the multifiber

arrangement. The fourth stage multifiber arrangement expires on 31 July 1991. Since the third negotiations on continuing the agreement were extremely difficult, whether there will be a fourth continuation of the multifiber arrangement has been the subject of wide debate. After the "Uruguay" round of the negotiations finally got under way in the first part of April 1989, the future of the International Multifiber Arrangement gradually began to become clear.

The "Uruguay" Round

People call the General Agreement's Eighth Round of Global Multilateral Trade Negotiations currently under way the "Uruguay" Round. The Uruguay Round negotiations began in September 1988 and will conclude in 1990. However, even in December, 1988, at the ministerial level meeting of 105 member nations, they were still unable to reach agreement on the topics under negotiation for the next two years. A total of 15 topics for discussion were presented to this round of negotiations. There is still serious disagreement among the ministers of the member countries on four topics including textile trade. Only in 8 April 1989, at the General Agreement Geneva meeting, the member nation representatives finally reached agreement and formally included international textile trade issues among the four topics for this round of negotiations. This finally eliminated the obstacles of the Uruguay Round of world trade negotiations so that the agenda for the next two years should move ahead smoothly.

Here we will only simply discuss the controversy related to the international textile trade issues at the Geneva meeting and the agreement reached on principle. The textile exporting countries (primarily developing countries and regions) led by Indonesia [yinni 0603 1441] demanded the abolition of the International Multifiber Arrangement that had been in force for 15 years. That is, that it not continue after the period of the Third Stage of the multifiber arrangement currently in force is complete in July 1991. This would make international textile trade free again. The textile importing countries led by the United States still insist on carrying out the import quantity controls on textiles. That is, they want to continue maintaining the textile allocation system. Finally, both sides reached agreement in principle. An exchange of views on this matter would begin immediately and they would attempt to include international textile trade issue in the general agreement again. Talks will begin in 1990 on eliminating the multifiber arrangement. During the talks, they will jointly strive to improve the international textile trade situation constantly.

However, people generally believe that agreement on abolishing the multifiber arrangement and realizing freedom in textile trade reached at the Geneva meeting will only be a common understanding achieved in general principle. A future series of talks involving specific details is bound to involve intense bargaining and the process of the talks will be difficult. The general estimate is that really achieving agreement on abolishing the

multifiber arrangement and putting it into effect will require a transitional stage of about ten years. That is, the textile allocation system cannot be completely abolished before the end of this century. Against this background, the feelings of Hong Kong and Macao industrialists and businessmen are not the same.

Hong Kong Advocates Liberation of Textile Trade

The rapid expansion of the scale of textile and ready-made clothing exports—Hong Kong's primary export industry—was due to Hong Kong receipt of a large textile allocation quota, which guaranteed that this industry would have a stable share of the international market. However, Hong Kong is now actively advocating the abolition of the multifiber arrangement internationally. They are demanding that textile trade be liberated. Apart from certain strategic needs, this change is also related to changes in Hong Kong's export conditions and environment.

First, Hong Kong's attitude toward the multifiber arrangement is directed at U.S. domestic trade protectionists to a considerable degree. The United States is Hong Kong's primary market for sales of textiles abroad. In 1987, Hong Kong's exports of ready-made clothing to the United States reached HK\$32 billion. This is one-half of Hong Kong's total exports of ready-made clothing and is the largest ready-made clothing import region for the United States. Trade protectionism is growing daily in the United States and has become a major threat to Hong Kong's export industry. In the past few years, the U.S. government has constantly expanded the range of control. It has also strictly enforced control measures on textile goods from Hong Kong. Naturally, Hong Kong is dissatisfied. Hong Kong has proposed at international trade conferences that international textile trade be liberated both to control U.S. trade protectionism as well as to serve as a bargaining chip for admission to trade talk topics proposed by the United States.

Second, for decades, in Hong Kong's textile industry the product quality and production benefits have been high, partially offsetting the unfavorable element of high labor costs. The clearest evidence is that the high quality and high value of Hong Kong textile products have advanced greatly. For example, the volume of 1987 textile exports increased only one percent over 1986 but the export price increased 24 percent. In addition, Hong Kong businesses actively developed markets for varieties of textile products that were not subject to the allocation system and new textile products that were not subject to the allocation system. Thus, the reliance of Hong Kong textile industry product exports on allocations has diminished. On the contrary, the multifiber arrangement stipulated strictly the quantity of annual exports to European and American markets. However, the role of "guaranteed" export market stability declined daily while the unfavorable impact on limiting the development of the textile industry rose daily.

Third, China implemented an economic policy of opening up to the outside, spurred a large number of Hong Kong industrialists to shift production capacity to the interior. This created a production pattern with "the shop in front, the factory in back." However, the textile allocation system stipulated a system of "guarantees of place of production." That is, if most of the industrial processes of a product were completed in the interior, they could fall under the Hong Kong export allocation. Thus, Hong Kong businesses were between a rock and a hard place. If Hong Kong businesses wanted to use the Hong Kong allocation they had to keep most of the industrial process in Hong Kong. However, there was a labor shortage and a rise in costs would cause a decline in export competitive ability and profits. Moving the primary industrial processing to production into the interior could increase profits and lower costs, but also required that they apply for an interior export allocation. As far as Hong Kong business is concerned, if international textile trade is liberated and exports are not restricted by allocation system, the advantages outweigh the disadvantages.

Macao Expresses Anxiety

While the agreement reached at the Geneva meeting encouraged the Hong Kong government officials attending the Uruguay Round and they expressed optimism with regard to the prospects for making textile trade free, Macao business circles viewed the future of the multifiber arrangement with greatest concern. Some Macao businessmen said openly, "The day free trade is implemented may be the day Macao industry heads toward a blind alley." The different attitudes toward the multifiber arrangement held by Hong Kong and Macao merchants reflected the difference in the development levels of the textile industry in the two places.

Macao's exports of manufactured goods began to grow rapidly in the mid and late seventies and inspired the take off of the entire economy. Currently, the manufacturing sector has created about 30 percent of the area's gross value of production. Employees make up 60 percent of the employed people in the society, and they rely on foreign sales for over 90 percent of the products of the manufacturing sector. Yet the textile industry is the most important export industry. The proportion of textile products in the total of Macao's export products was once nearly 90 percent, but now is still over 70 percent. There are two conditions that favor the development of Macao's manufacturing: one is the annual textile export allocation determined through bilateral talks with the textile importing nations in line with the multifiber arrangement. The other is the "preferential tax" treatment granted Macao by the industrialized countries.

The allocation system is an obstacle placed by the developed industrialized countries to limit "disturbance" of domestic markets by textile goods from developing countries. It does not conform to the principles of free trade and is trade protectionism. Yet, at the same time, this trade protectionist measure also protected the

development of Macao's textile industry. Thus, by relying on the allocation system it secured a small place in the fiercely competitive world market. Like Hong Kong, although Macao textile industry grew in this period, it also faced such problems as competition from many opponents abroad and shortage of labor and rising costs at home. Differences from Hong Kong were that Macao's economic base is weak; its industrial investment environment is also inferior to Hong Kong's; the textile industry itself lacks effective emergency measures; thus, reliance on the allocation system is higher. Therefore, whether the multifiber arrangement can be continued will have a considerable impact on Macao's export industry. The decision of the Uruguay Round to include textile trade issues in the general agreement again began the process of talks to liberate textile trade. Naturally, Macao's industrial and commercial circles view this as a secret worry in economic development.

Guangdong's Opportunity and Response

Since the future of the multifiber arrangement is clear, the textile industries of both Hong Kong and Macao face readjustment. Industrial processes or production of goods that are becoming increasingly labor-intensive must shift to places where labor costs are lower to lower production costs and increase export competitive ability. Many of the thousands of *sanzi* [0005 6327] enterprises and the more than 10,000 enterprises processing with imported materials that have started up in Guangdong in recent years—especially in the Zhujiang Delta—are textile producing enterprises. A substantial number of the textile producing enterprises in Hong Kong and Macao moved their new investment and their production capability, or a large part of the production process, into Guangdong. This has given rise to an upsurge of "industry moves north," and will play an important role in spurring on Guangdong's economic ascent.

With the approach of liberating the "great limit" on textile trade, Hong Kong and Macao factories and businesses may speed up the pace of moving the production processes for medium and low grade manufactures abroad. For Guangdong to strengthen cooperative economic relations of Guangdong, Hong Kong and Macao is a good opportunity for expanding exports. In addition, it also will be beneficial for the economies of Hong Kong and Macao. The problem is that Guangdong faces masses of competing opponents. Many countries and regions are beckoning to the capitalists, entrepreneurs, and specialized technical talent of Hong Kong and Macao. Some of the countries in Southeast Asia, in particular, have sent people to Hong Kong and Macao to take positive action in an attempt to attract Hong Kong and Macao capital and technology. Although Guangdong has the advantage of being connected with Hong Kong and Macao geographically and sharing language and culture with most of the residents of Hong Kong and Macao, it still cannot be said to be assured of success in this competition. The following work should be done:

First, it is especially important to make foreign merchants believe that Guangdong will not reverse its policy of openness but may make it even more open. Further strengthen special policies such as special economic zones and the Zhujiang Delta Economic Open Zone and preferential measures with regard to foreign merchants. Strive to create a more appropriate investment climate in these small areas. Worth attention is that in recent years the rate of Hong Kong capital's flow to Thailand has accelerated, and the pace of Hong Kong capital flowing to North America with the "investment emigrants" has also accelerated. However, Hong Kong and Macao businessmen are also aware that the best place to earn money is Hong Kong and Macao; thus Guangdong, Hong Kong and Macao economic cooperation is beneficial for all sides.

Second, carry on in-depth reform of the economic system. While putting things in order and readjusting the economic environment, we should improve the enterprise contract responsibility system and improve enterprise quality to adapt to international competition and improve our ability to use foreign capital. Improve government's macroeconomic control and regulation mechanism. In particular, improve methods of controlling and regulating finance, taxes, and prices to give more play to the initiative of local areas and enterprises to develop production and expand exports.

Third, continue to carry out capital facilities construction. Recently, the colonial governments of Hong Kong and Macao happened to coincide in preparing to engage in major construction of capital facilities in the last few years of their rule. This is to adapt to the needs of economic development in the next century. Guangdong also needs to plan its own capital construction projects to match and take advantage of development of Hong Kong and Macao. At least we should gradually reduce the gap with them and not enlarge it. Of course, this also requires that the Central Committee continues to have "special economic zones and flexible measures" with regard to Guangdong. This includes "opening one side of the net" in financing and investment.

Yantai Expands Use of Foreign Investment

90CE0139B Beijing GUOJI SHANGBAO in Chinese
29 Mar 90 p 2

[Article by Mou Zhentao (3664 2182 3447): "Yantai City Has Made Quick Headway in Using Foreign Investment"]

[Text] Shandong Province's Yantai City is steadily increasing and expanding its use of foreign investment. In 1989, it approved 128 foreign-invested projects for a contracted total of \$133 million, of which \$73.46 million was foreign investment. All of these figures were higher than those for 1988, and it is also making some headway in expanding its fund sources and investment fields. Over 20 countries and regions, such as Hong Kong, Taiwan Province, Japan, the United States, Singapore, Thailand, France, West Germany, Canada, and Great Britain, have invested in Yantai. Its regional investment structure has also gradually expanded from mostly Hong

Kong to Europe, the United States, and other regions. Investments by the United States, Japan, and Thailand have increased particularly quickly, with deals being clinched with Japan for over 20 projects in 1989 alone. Its foreign investment fields have increased from a few nonproduction trades, such as tourist service, to over 20 industries, such as light textiles, machinery, electronics, chemicals, building materials, communications and transportation, energy development, and construction.

Yantai's investment composition is beginning to become more rational. Its import priorities have changed from small, low-tech projects for primary processing to large and medium-sized high-tech ones with large investments, strong radiation capabilities, and good foreign-exchange-earning capacities, with 122, or 95 percent, of the foreign-invested enterprises that it newly approved in 1989 being high-tech, foreign-exchange-earning, or production enterprises. Yantai has already put into production the PRC's first joint venture with an output of 300 tons of spandex a year, and is now speeding up construction on, and expects to put into operation in 1990, a Chinese-foreign joint venture to manufacture polyamide fiber, in which both sides have invested over \$30 million. Basic construction or equipment debugging is also underway on large production projects to manufacture 5 million sets a year of items, such as British-developed tapered bearings, aircraft brake parts, ternary electroplate, quartz crystal, and car air conditioners.

Out of the over 360 deals that it has clinched to use foreign investment since it was opened up to the outside world in 1984, Yantai has put into operation over 60 enterprises, most of which are now earning profits.

Shanghai Computer Software Enters World Market

90P30026A Shanghai JIEFANG RIBAO in Chinese
27 Mar 90 p 1

[Summary] Shanghai's Computer Technology Research Institute, in conjunction with several foreign partners, has developed computer software and hardware products that have already entered U.S., European, and Japanese markets. This institute has already formed joint ventures with the United States and Japan and has also dispatched technical personnel abroad to collaborate in product development.

Software produced in the United States by one joint venture involving over 40 Chinese technicians has already earned \$700,000. In another joint venture with the United States, institute personnel have helped develop computer-aided-design systems that have already been sold in 16 different foreign markets. Consumers have rated the advanced level of technology of these products on a par with similar products currently available in international markets. Technicians sent to Japan have been working with the Japanese to develop commercial software suited to the needs of Japan's domestic market. To further develop its external orientation, this institute continues to process imports for re-export and has set up an internal export-processing base.

Xinjiang Firm Wins Soviet Hotel Contract

HK1505115790 Beijing CEI Database in English
15 May 90

[Text] Urumqi (CEI)—A Xinjiang construction engineering company has contracted to fit up a tourist hotel in Frunze, capital of the Kirghiz Soviet Socialist Republic.

Some 280 engineers and workers have gone to the Soviet Union and will complete construction by the end of this year, according to the contract.

China-made building materials will be used for fitting up the hotel.

The Xinjiang company has also signed other agreements of intention on building a number of projects in the Central Asia area of the Soviet Union.

ECONOMIC ZONES

Establishing Financial Scale Model for Hainan

90CE0139A Beijing JINRONG SHIBAO in Chinese
29 Mar 90 p 2

[Report on interview with Han Haijing, president of the Hainan Province branch of the People's Bank of China (PBOC), by Li Jianhua (2621 0256 5478), Li Yuping (2621 3768 1627), and Hu Wannian (5170 8001 1628): "On Establishing a Financial Scale Model for the Large Hainan Province SEZ"; date, place, and occasion not given]

[Text] Although Shu Tz'uhuang [5289 1964 3552], general director of the Nanyang Commercial Bank of Hong Kong, could not have dreamed a decade ago in 1980 that he would be able to establish a branch of his bank on PRC territory, the PRC's reform and opening up to the outside world certainly made it impossible for him to stop from making a bold move to compete in China's banking profession, even if he had wanted to. After Mr. Shu had established and earned profits for some years at his branch in Shenzhen, Guangdong, the tropical breezes of the large Hainan SEZ [Special Economic Zone] enticed him to set up a second branch in China at Haikou, Hainan. As Mr. Shu was amazed and enormously proud that his Haikou branch, from which he was prepared to lose money for several years, took only one year to turn its losses into profits, he decided to invest a huge sum of money to build in Haikou a large branch bank office building over 30 stories tall.

When reviewing the development of foreign financial institutions on Hainan Island, Han Haijing [7281 3189 0079], the 57-year-old president of the Hainan branch of the People's Bank of China [PBOC], said with no lack of humor that "Hainan has had an unlimited number of role models," and that "Right after the Hong Kong Min'an Insurance Co came to Hainan, the Chartered Bank (Maijiali), not to be outdone, also set up a branch on Hainan. This was both a sign of the increasing vitality

of the Hainan SEZ economy, and also a real-life advertisement of Hainan's increasingly relaxed investment climate."

The idea of "giving a bigger role to banks than to public finance," that was approved and put into effect as far back as the early days of the founding of Hainan Province, has been a constant incentive for Han Haijing, who is a veteran banker with some decades of experience and thinks that the golden age for Hainan's banking profession has arrived. He said that "The so-called idea of giving a bigger role to banks means that the banking profession should truly be allowed to become a lever that regulates socio-economic activity. The key to whether this lever will be powerful and able to play a decisive role, is whether we can develop a socialist financial scale model for Hainan that is both much different than that in the rest of China, and also distinct from capitalism." He cited the following three characteristics of this model: 1) it should be diversified to include Chinese-owned, foreign-invested, state, collective, shareholding system, banking, and nonbank financial institutions; 2) it should have many administrative levels in which the central bank, special banks, regional banks, credit agencies, finance companies, money markets, and bond markets coexist; 3) it should include many functions, such as accounts clearing, commercial business, savings, international business, trust investment, and information advice. Han Haijing spoke approximately as follows: After two years of experience and improvement, a financial scale model for the Hainan SEZ has emerged in an embryonic form. In addition to luring three foreign financial institutions to Hainan, our special banks have broken through their division-of-labor barriers, started to conduct overlapping and competitive business on a full scale, and accumulated 9.7 billion yuan in loan capital. Moreover, 37 urban credit agencies and finance companies, which are managed independently and with the initiative in their own hands, have also accumulated over 1 billion yuan of credit capital. Over two years of cautious experimenting with two foreign exchange regulation centers and four acting agencies, has provided us with valuable experience in cultivating and developing foreign exchange regulation markets throughout Hainan.

"Giving a bigger role to banks than to public finance also means changing our economic operations from issuing administrative directives to acting in accordance with economic laws. Once the financial lever becomes more dynamic, it will set the pace for our economic operations." Just as Han Haijing said, faced with a thousand things remaining to be done after the founding of Hainan Province, Hainan's banks first loaned a lot of money for developing Hainan's infrastructure. He spoke approximately as follows: Hainan's banks have loaned almost 500 million yuan in the last two years to build electric power facilities throughout Hainan that generate 400,000 KW of power, or more than were built in the 40 years preceding the founding of Hainan Province. These have enabled Hainan to leap from a province that was

short on power to the one with the best power supplies throughout China, and are fully able to meet the Hainan SEZ's economic development needs. Moreover, they have loaned 137.8 million yuan to build transportation, water-supply, and communications facilities. Highway transportation throughout Hainan is now well developed, with the International Phoenix Airport at Sanya and the Donglu Expressway now under construction. Hainan now has an installed capacity for 10,200 program-controlled telephones, with another 27,000 under construction, and the ability to directly dial dozens of countries and regions, which has ended our long history of having undeveloped communications facilities.

Just as planting a Chinese parasol tree lures the golden phoenix, the Hainan SEZ's giving priority in the use of its financial lever to building and steadily improving its infrastructure, has attracted more foreign investors and put Hainan's importing of foreign capital into a good cycle. Statistics show that since 1988, Hainan Province has examined and approved 816 new foreign-invested enterprises, in which foreign businessmen have agreed to invest \$537 million and actually invested \$278 million, or over 21 times more than in 1978. Former U.S. President Nixon's nephew, who holds office in Washington circles, also met with Hainan PBOC President Han Haijing and expressed a desire to invest in Hainan, on the very same day that we conducted this interview. Although this shows that the enthusiasm to invest in Hainan is beginning to rise again, Han Haijing, as an expert manager, derived a different message from it, which he included in his macroeconomic planning blueprint as follows: "The more foreign investors who come to Hainan, the more foreign banks will appear in Hainan. On one hand, this will be in the interests of both bankers and investors. On the other, it will also provide more services and better management for investors who come to Hainan, and more foreign investors will be attracted to Hainan after foreign banks are set up here. Therefore, from the perspective of the banking profession, larger circulation can be achieved only by establishing an open financial system to form a good investment climate, and attracting foreign investors to lure foreign banks and then more foreign investors. A vital task for the PBOC in attracting foreign investment in coming years, will be to speed up our pace of luring foreign banks to Hainan."

Of course, these are certainly not all of Han Haijing's plans for establishing a financial scale model for Hainan. He said that in addition to attracting more foreign investment, luring foreign banks to Hainan will also play a guiding role in motivating Hainan's financial institutions to better adapt their functions to international market conditions faster. Having made repeated trips to study the banking profession in Hong Kong in recent years, the deepest impression left on Han Haijing has been the extraordinary development of Hong Kong's money markets. He spoke approximately as follows: Although Hong Kong bank savings have reached HK\$700 billion, as little as HK\$300 billion of them are

used for granting loans, while as much as HK\$500 billion of them are used for direct financing on money markets. Whereas there are very few means of direct financing in the PRC, Hainan being no exception. Even though Hainan is such a large SEZ, our banking profession still has many misgivings and we do not dare to expand our scope of management. For instance, we still do not dare to sell stocks in other places in the PRC. This is very out of line with the open SEZ policy that was granted to us by the central government.

Han Haijing pointed out that luring foreign banks and learning from the foreign banking profession, certainly does not mean copying their experience indiscriminately. He said that the first step in changing Hainan's status quo will be to develop a large number of financial institutions with shareholding systems, and speed up the pace of experimentation with foreign exchange regulation markets, while establishing flourishing stock and bond markets step by step in an organized way, and supporting a number of urban credit agencies that are managed independently and with the initiative in their own hands, in order to make the Hainan SEZ's financial scale model truly "special." Listening to Hainan PBOC President Han Haijing's views on these matters while sitting in the silvery-white, boat-shaped PBOC building that is located on a broad avenue in the financial and trade development zone on Hainan's seacoast at Haikou, left us with a feeling that this boat was really about to set sail.

LABOR

Assessment of 10-Year Shift in Rural Labor

90CE0125A Beijing ZHONGGUO XIANGZHEN QIYE
BAO [CHINA TOWN AND TOWNSHIP
ENTERPRISES NEWS] in Chinese 30 Mar 90 p 3

[Article in special column "Review, Retrospect, and Prospects of China's Township Enterprises, 1978-1988" by the Surplus Rural Labor Utilization Study Group of the Chinese Academy of Social Sciences' Rural Development Institute: "The Surplus Agricultural Labor Shift—A 10-Year Assessment"; the first paragraph in bold is an introductory paragraph; the next two paragraphs in italics are an editorial note]

[Text] Agriculture has stalled five years in a row since 1985. In the spring of 1989, millions of peasants moved to the cities on mass to look for work. This has led to social upheaval and disorder. How should we weigh the success and failure of the rural labor shift in the last decade, and what path should China follow to make this shift successful? These questions await our thoughts and answers.

From the editor: Today, as China begins to achieve its grand modernization objective, the question of the exodus of the rural labor force is brought sharply to our attention. It is essential that we learn from the experiences of the

rural labor shift if we want to make that shift successful today and if we want to make a scientific choice of ways to make the shift in the future.

This article, "The Surplus Agricultural Labor Shift—A 10-Year Assessment," is the first segment of a report prepared by the "Surplus Rural Labor Force Utilization" Study Group of the Chinese Academy of Social Science's Rural Development Institute. Please note that we will publish the remaining segment, "Making the Right Choices," in our next issue.

According to the State Statistics Bureau's data, 86.07 million rural workers were employed in the nonagricultural sector in 1988 (not including those agricultural workers who performed non-agricultural work as a sideline). In addition, according to data compiled by the Ministry of Agriculture's Township Enterprise Department, in 1988, 95.45 million people were working in township enterprises and another 24.08 million rural workers were employed in cultural and educational jobs, medical and public health jobs, banking, post and telecommunications, communications and other sectors not related to township enterprises. The rural nonagricultural labor force consisted of nearly 120 million people, 29.3 percent of the total rural labor force, and was almost as large as the labor force in enterprises under the ownership by the whole people system, which was 130 million-strong.

This huge surplus agricultural labor force, built up over a 10-year period, plays a major role in the country's economic development.

1. It has boosted society's real economic strength. Rural communities accounted for 45 percent of the total increase in the country's social output value in the last 10 years, and rural industries contributed to 31 percent of the increase in the country's GVIO [Gross Value Industrial Output].

2. It has helped the peasants escape poverty and attain wealth faster. The peasant's income has quadrupled to 545 yuan in 10 years. The increase in the peasants' cash income plays a positive role in expanding the domestic market and improving the structure of the domestic consumer market. In 1988, retail sale of commodities in rural communities exceeded 420,000 yuan, accounting for 57 percent of the total retail sale of commodities.

3. It has created township enterprises, a uniquely Chinese vehicle [by which the rural workers can shift from the agricultural to the nonagricultural sector.] A sample of township enterprises' output as a percentage of the country's production capacity for that industry at the end of 1988 is as follows: raw coal, 34 percent, and accounted for 67.3 percent of the net increase over a 10-year period; water resource, 27.9 percent, and 38.7 percent of the net 10-year increase; machine-produced paper and cardboard, 58.7 percent of the net 10-year increase; silk, 44 percent; silk fabric, 69 percent; cloth,

24.2 percent; wool fabric, 52.3 percent; electric fan, 45.5 percent; garment, 70 percent; beer, 15.2 percent; brick, 93 percent.

4. It has facilitated the improvement in overall rural economic efficiency. Statistics show the 1988 overall rural labor productivity rate to be 2,952 yuan; the agricultural labor productivity rate was 1,739 yuan, and nonagricultural labor productivity rate was 7,506 yuan. In other words, the nonagricultural rate was 3.3 [as published] times the agricultural rate. At this rate, the 54.57 million non-agricultural workers that joined the work force in the last 10 years have increased society's total output value by an equivalent of 314.7 billion yuan. If that portion of the labor force had stayed in the agricultural sector as surplus workers, they would have generated only 94.9 billion yuan, 219.8 billion yuan less per year, based on the 1988 output value per agricultural worker, and the 1988 rural labor productivity rate would have been 2,415 yuan. Therefore, higher national labor productivity rate rests on higher rural labor productivity rate, and it is wrong to think that the development of township enterprises has lowered society's labor productivity rate.

5. It has made possible the development of a "low-capital-to-labor-ratio," nonagricultural industry. During the 1979-1984 period, in contrast to the state-run enterprises, for every 10,000 yuan increase in output value, China's township enterprises substituted 0.82 labor unit for 3,360 yuan's worth of fixed assets. At this rate, since the country's township enterprises have increased total output by 600 billion yuan in 10 years, they have provided 49.20 million more jobs than the state-run enterprises, and manpower has replaced 42.93 million yuan's worth of fixed assets. Such substitution of key factors of production is very important to China which has scarce funds but ample manpower.

After a decade, we have at last found a uniquely Chinese way to shift the rural labor force: The goal of our way of labor dispersion is more employment and higher output value, the means is to expand extensive reproduction, and the vehicle is the township enterprises.

Uniqueness of the Chinese Way of Shifting the Labor Force

First, the unique goal: Under China's system of state-owned, planned commodity economy, the workers have dual identity. As owners, they have the right and the obligation to work. As part of the labor force, a key factor of production, they must pay attention to and improve economic efficiency. In a capitalist country, economic efficiency is the capitalists' main concern; employment is only the means to obtain profit. Second, the unique vehicle: Internationally, the vehicles of agricultural labor shift are usually the secondary and tertiary industries. In China, it is the township enterprises.

Analysis of the Cause of the Decade of Surplus Rural Labor Shift

1. The general background: With the development of the commodity economy, the allocation of productive resources and labor force among different sectors is affected by the law of value and is gradually becoming more reasonable, and as society's division of labor becomes more refined, both the industrial structure and the employment structure are changing, and inevitably this means a more mobil work force and a shrinking agricultural labor force. Restructuring of the economic system has unleashed the productive forces and has put the key factors of production, including the labor force, on the planned commodity economy's track, leading to the disintegration of the natural economy and the planned system, which limit labor mobility. American economist, Simon Kuznets, analyzed the per capita GNP and the composition of the labor force of 59 countries worldwide in 1950 and 1958 and found that as the per capita GNP increases, the size of the nonagricultural labor force increases proportionally to the shrinking agricultural labor force. A decade of accelerated economic growth in China has made possible the shift of the surplus agricultural labor force. Because of the different pace of urban and rural reforms and because the barrier between town and country has not been torn down, the rural labor force already set free has set up its own township enterprises in the rural areas and has used them as the main channel for getting the other workers out.

2. The transfer mechanism: (1) A period of change in the industrial structure: Experiences worldwide show that when the per capita GNP reaches \$300-\$500, it usually marks a period of dramatic change in the industrial structure. China is just entering this period, and the change is seen in the emergence of the industrial sector as the lead sector and the complete integration of urban and rural industries, and in the process, the shift of the surplus agricultural labor force is inevitable. (2) Readjustment of the industrial policy: In the last 10 years, we have begun to pay attention to the guiding role of the state's industrial policy and have stopped putting undue emphasis on industry, especially heavy industry, and, beginning with making the industrial structure more balanced, we have advocated vigorous development of basic industries and industries that are both technology-intensive and labor-intensive, so as to create more employment opportunities for the surplus rural labor force. (3) The rise in labor productivity rate: After a decade of reform, China's grain production has increased by an amount almost equal to the increase of the previous 30 years put together; the increase in cotton, pork, beef, mutton, and aquatic product productions has exceeded the sum total of increase of the previous 30 years. The average output value per agricultural worker in China has increased 2.76 fold. The higher agricultural productivity rate turns a higher percentage of the agricultural products into commercial goods and increases the agricultural surplus fund. The commercialization rate of rural industrial and agricultural products was

68.8 percent, 15.1 percent higher than in 1978. By 1988, each peasant had nearly 200 yuan in savings in the banks or credit cooperatives, up from 7 yuan 10 years earlier. The above-described conditions again made it possible for more surplus labor to get out of the agricultural sector and develop new industries.

3. The peasants: Reform has changed the peasants' way of thinking. As producers of commodities, they must act according to the laws and the mechanisms of the commodity economy. The comparative advantages of different industries and the desire to maximize their own profit prompt them to make the move to different occupations and different regions, and consciously or subconsciously, they have facilitated the proper allocation of resources.

The Grim Situation of the Shift of Surplus Agricultural Labor Force

One, the environmental constrain: We are at the transition from a semi self-sufficient economy to a commodity economy and are in the midst of replacing an old system with a new. Before this transition and replacement is complete, we will need new ways to curb or block the surplus rural labor shift. The key factors of production are still not circulating and recombining according to the law of economics in China. The regional labor resource-allocation is still less than optimal, and some workers will always move for no good reason. The welfare-oriented employment policy practiced in the cities for many years has resulted in over-staffing in many urban enterprises and institutions, and adding the newcomers to the labor force in the cities, the present urban economy simply cannot absorb the growing labor force, and this has affected the cities' ability to direct the flow of labor force.

Two, the constraint of the nation's economic growth: The size of the surplus rural labor force that needs to be shifted generally is determined by the rate of the country's economic growth. In the last 10 years, rural non-agricultural industry has developed very rapidly, resulting in a new kind of disequilibrium. The agricultural sector can no longer support the huge scope of industrial production; basic industry can no longer support the rapidly growing processing industry; the agricultural labor force can no longer support the high rate of increase of non-agricultural labor force. As a result, the exodus of the agricultural labor force must be slowed in order to slow the rise in or even reduce the agricultural labor productivity rate, so as to make the labor shift more difficult.

Three, the huge reserve of surplus rural labor force: On the one hand, the surplus agricultural labor force must be absorbed primarily by the villages themselves. Today, the nonagricultural to agricultural labor force employment ratio is 2:8 and remains basically unchanged. On the other hand, many newcomers to the labor force are mired in the agricultural sector. In the last 10 years, 43

percent of the new workers, more than 40 million people, found work in the agricultural sector.

Four, the deteriorating quality of the rural labor force: Compared to the agricultural sector, the nonagricultural sector has stiffer education and technical requirements for its workers and is much more competitive. The quality of the labor force determines the surplus rural workers' chances of getting employment, the types of work, and the range of employment. Comparing the quality of China's rural labor force of today to that in the early days of the founding of the PRC, the improvement is obvious, but there are reasons to be concerned about the present situation: Rural sanitation and public health conditions are poor, and inbreeding has already produced 52 million mentally retarded and physically handicapped individuals, which make up 8.7 percent of the rural population. A large percentage of the rural labor force, about 110 million people, are illiterate. More serious is the rising drop-out rate of school-age children. The peasants are still bound by their small-farmer mentality and are complacent with their self-sufficiency and are satisfied with and find security in the land. A survey in Henan showed that 89 percent of the peasants have no desire to better themselves.

Five, agriculture's eroding foundation role: Because of over-optimistic assessment of the rural situation, agriculture has generally been neglected since the bumper harvest of 1984. As a result, in the post-1985 era, agriculture has slipped, and the shortage of agricultural products has once again become the bottleneck that restricts the movement of the surplus agricultural labor force.

Pension System To Undergo Overhaul

*HK0705024590 Beijing CHINA DAILY in English
7 May 90 p 1*

[By staff reporter Gu Chengwen]

[Text] As China's population ages labour administrators have decided to overhaul the country's old-age pension system.

Labour Ministry officials told CHINA DAILY their target was to set aside enough money not only for a decent life for the current 22 million retired workers and business office staff, but also to sustain a number several times larger in the near future.

The ratio between working and retired people was currently about 6.4 to 1. This structure would change to 4 to 1 by the year 2000 1.8 to 1 by 2030, and up to 2 to 1 by 2040.

The Ministry officials said the cost of retired workers and industrial office staff would increase more than a hundred-fold by 2040.

The final goal, the sources said, was to completely disconnect the retired from their former employers.

"It is a very urgent job to expand and socialize the pension system," they said.

China's pension system was traditionally supported by businesses and the law demanded that enterprises ensure a basic pension level for the retired.

From 1984 the fund was pooled and used within separate counties and cities. Later on, it was tried at the provincial level and the socialization process seemed to have helped firms that had been established a long time and thus had many retired staff.

Some firms had had to pay workers 40 percent of their foremen wages after they retired.

The Labour Ministry officials said some businesses had been hard hit by policies introduced under the government's austerity programme. Some had either suspended or partly suspended production, and employees' income had been cut accordingly.

But the pension income of the retired belonging to the same firms was not affected thanks to the socialized management of the pension fund.

Responsibility for the insurance fund, the officials said, was shared by the State and businesses.

"Individual working staff will have to pay part of the pension insurance," the officials said.

They said China's 10 million contracted workers had tried this practice for several years.

Each contracted worker contributed 3 percent of his monthly wage, and his employer, before paying income tax, contributed 15 percent of the worker's wage to the insurance fund.

POPULATION

Beijing Prepares for National Census

*HK0505054290 Beijing CHINA DAILY in English
5 May 90 p 3*

[By staff reporter Xu Jie]

[Text] Beijing's drive to re-register its residents comes to a close this month in preparation for the fourth national census to be launched on July 1.

Other preparations, including the training of census workers and the setting up of electronic data processing organizations in the city's districts and counties, were also going smoothly, according to a report from the city's census office which was set up last August.

Ninety-five percent of the reported 10.2 million residential population of the city had been re-registered since the project started in March. It would be finished this month, census officials said.

The remaining five percent of the population comprised people who had moved to new houses but had not registered there, the officials said.

Beijing residents who have left or will leave their registered residence before May 31 this year should sign on in their new places. Those leaving after June 1 can keep their old registration for the census, according to a local census document.

Many babies not registered by parents were discovered in the re-registration process, although detailed numbers were not available.

Some parents had not listed their second or third babies, said the document.

Census papers would be collected in district or county census offices for computer data processing this time, in contrast to the third national census in 1982 when they were collected in city level offices, the officials said.

Training for more than 40,000 census workers chosen from different organizations, enterprises and schools would be finished by the end of May in census offices which were set up before February, according to the report.

More than 130 computer data processors have been made available in district and county data processing centres.

Publicity of the census started last August, with local newspapers, radio and television stations all joining in the work. Coverage would increase as the day approached, said the report.

It added that publicity and consulting centres had been set up in many public places such as Beijing railway station and temple fairs. The centres deliver materials and answer questions.

Problems Anticipated in Upcoming Census

*HK1405034890 Beijing CHINA DAILY in English
14 May 90 p 4*

[Text] Will the fourth population census in China run smoothly? The question mark weighs heavier as July 1—Census Day—draws nearer.

The worry is not totally ill-founded. For one thing, the schedule has been tight largely because of last June's turmoil. It was not until the end of October that the State's 45th Decree was released, briefing on major issues of the 1990 census. By contrast, preparation for the third national census in 1982 took three years.

For another thing, this census will involve the largest population in Chinese history—100 million more by estimation than the 1.03 billion in 1982. Moreover, it stretches from the cities to remote mountain areas, from vast grasslands to tiny islands, from boundless waters to deep jungles.

The census also has the most items ever—two more than the 19 in 1982. Place of residence five years ago and reasons for change of address are the new additions.

They have been included because of the massive trend towards migration in recent years. The move, chiefly from rural to urban areas, has prompted in many cities a series of problems including higher crime rates and traffic congestion. Migration is thus kept under strict State control.

Many migrants therefore fear that telling the truth might result in their being forcefully returned with the loss of lucrative jobs.

Their bosses, on the other hand, are unwilling to lose these employees, most of whom are engaged in the worst of jobs. Such problems could possibly affect the accuracy of the census.

The same is true for parents who have extra babies in contravention of population policy. They fear that fines will be imposed, while the grassroots units in which such babies are born fear that the outcome of the census will become an assessment of past achievements.

"A publicity campaign is thus highly important," said Wang Shulin, deputy director of the Population Census Office under the State Council. "After all, a census is one thing, and policy is another."

Printed clearly in the top right hand corner of each census sheet is a warning against the abuse of the investigation to evaluate local achievements.

Family Planning

The government has also promised no punishments, either financial or administrative, for violators of the family planning programme. Their babies will be given residence cards, according to the latest policies set by the State Council.

But these stipulations as well as the consultation work presently underway may still fail to win the total confidence of the people. The three-stage procedure based on the experience of the last census has thus been employed to combat potential problems.

In the first stage, household reregistration in major cities has been straightened out and will be completed at all levels by the end of May. Regional governments will inform each other of local migrants and emigrants.

Pre-census work will not only provide reference copies of all households, but also map out census districts. These will include docks, train and bus stations and all other possible places to live.

From July 1 to 10, census takers will go from door to door filling out questionnaires.

Seven million will be chosen. Urban enterprises and factories are to dispatch them, the numbers depending

on the percentage of employees. At county levels, cadres, primary and secondary school teachers are to be selected.

All census takers are required to be familiar with their neighbourhood and have at least secondary education.

Many of them participated in the last census, which employed a total of 6.27 million people. Their experience is bound to benefit the coming census.

The training of census counsellors is already complete at the provincial level and training work is well underway in 90 percent of the 2000-plus counties throughout the country.

From July to August, post-census work will pick up those who have missed registration, and check on completed forms.

A trial census in Guangdong Province has proved the feasibility of the three-stage procedure. But that is not the sole guarantee. The same procedure was used in the third census in 1982 and registered 3.23 million more population in 1981 than original statistics and pinned the birth rate at 3.31 per thousand higher.

The census reported a 0.71 per thousand overcount and a 0.56 per thousand undercount, leaving a net overcount of 0.15 per thousand.

In addition, a lot of census processing equipment has been handed down from the last count. Add to this the \$7-million computers provided this year by the United Nations Population Foundation and Statistical Bureau, and this count promises to turn out the most charts in Chinese census history—at least 500, five times more than the 94 charts in 1982.

Though doubt still looms over the final outcome and worries can't be easily brushed aside, there is every sign that this census will tell the true story of China's population.

Population Clock Popularizes Birth Control Policy

*OW0905114990 Beijing XINHUA in English
0739 GMT 9 May 90*

[Text] Beijing, May 9 (XINHUA)—Nearly three babies are born every second somewhere in the world. You cannot speak quickly enough to keep pace with the birth rate.

A population clock designed in the Chinese capital early this week demonstrates precisely not only the net increase of population every second in the world with a breakdown by country and region, but also displays other information like arable land per capita as well.

The computer-controlled clock, shaped like the Chinese character for human being, is decorated with a drawing of a couple with a child, symbolizing China's policy of family-planning.

The clock, built by the Beijing Great Wall Science and Technology Corporation, was exhibited in central Beijing's Qianmen District last Sunday as part of a campaign to popularize the birth control policy.

Xu Zhen, the clock's chief designer, said "We invented this clock to make people more aware of the rapidly increasing pressure of population on this world, especially in our own country."

China now has more than 1.1 billion people and still suffers from a net population increase of about 30 every minute.

The Beijing Municipal Government has decided to erect a number of the population clocks around the city. When the net increase of population reaches a significant figure, the clocks will sound alarms to passers-by.

TRANSPORTATION

Railways Set Transport Record

*OW0504114990 Beijing XINHUA in English
1010 GMT 5 Apr 90*

[Text] Beijing, April 5 (XINHUA)—The Ministry of Railways reported a record rate of transportation in the first three months of this year.

According to ministry statistics, the railways transported 357.29 million tons of freight in the first quarter, accounting for 24.5 percent of the state annual planned volume and up two percent over the same period of last year. In addition, some 242.52 million passengers were carried, fulfilling the annual quota by 25.5 percent.

New Passenger Rail Cars Meet International Standards

*OW2103175190 Beijing XINHUA in English
1459 GMT 21 Mar 90*

[Text] Qingdao, March 21 (XINHUA)—The first six passenger carriages China has made up to the international standard for tourism were completed yesterday by the Sifang Locomotive and Rolling Stock Plant of the Ministry of Railways.

At an international bidding attended by China, Britain, Sweden and Japan held in Beijing in 1988, the Sifang plant was awarded the contract to manufacture 50 passenger carriages and luxury passenger carriages for international tourists.

The plant began to design the carriages at the end of 1988. The six carriages completed yesterday belong to the first batch. The rest will be delivered before the end of August this year.

Each carriage, 23.6 m long, has nine four-berth compartments.

The Sifang plant, set up in 1900, manufactured 386 locomotives and carriages in 1989. It plans to manufacture 478 locomotives and carriages this year.

Pingshang-Lanshan Railway Line Opens

*SK0604053390 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 2 Apr 90*

[Excerpt] The Pingshang-Lanshan railway line opened to traffic on 2 April. This is the second railway line administered by the localities in the province. This railway line is linked with the Yanzhou-Shijiusuo railway line at the (Tieniumiao) railway station. [passage omitted]

PUBLICATIONS

National Seminar on Publication Work Ends

*OW1405022490 Beijing XINHUA Domestic Service
in Chinese 1156 GMT 10 May 90*

[By reporter Shi Xinrong (4258 2450 2837)]

[Text] Guiyang, 10 May (XINHUA)—The reporter learned from a national seminar on the work of the People's Publishing House, which ended in Guiyang today, that the China Press and Publications Administration is going to take realistic and effective measures to improve publication work, have more good books published, consolidate the achievements scored in the "crackdown on pornography," and make the undertaking of socialist cultural publications flourish.

Representatives participating in the seminar focused their discussion on the issues of the nature, role, and functions of the People's Publishing House, contributions to be made to ensure overall stability and economic development, improvement of the leadership over and support for the People's Publishing House by the party and the government, and enhanced self-improvement by the People's Publishing House itself. They also summed up the experiences and lessons from publications work.

As a publisher of political books, the People's Publishing House has published such voluminous classic works of Marxism-Leninism as "The Complete Works of Marx and Engels" and "The Collected Works of Lenin," and selected works, essays, and biographies of such proletarian revolutionaries of the older generation as Mao Zedong, Zhou Enlai, Liu Shaoqi, Zhu De, Ren Bishi, Deng Xiaoping, Chen Yun, and Li Xiannian. It has also published a large number of books of popular political theories, reading material suitable for youths to improve themselves, and academic works, thereby actively contributing to popularizing Marxism-Leninism and educating the people about socialism and patriotism. Representatives attending the seminar held that, as the most important publishing organ of both central and local authorities, the People's Publishing House should play an active role in providing an orientation for publication and should place social benefits above all else.

The China Press and Publications Administration proposed the following measures to realistically and effectively ensure that more good books are published to make publications flourish: First, a booklist will be drawn up to meet the needs of the vast reading public. The booklist will include works on the theories of Marxism-Leninism-Mao Zedong Thought, modern Chinese and foreign literature, and famous historical works. Every big central bookstore and every central bookstore located in all the provinces, prefectures, and cities will be required to guarantee the supply of these books. Second, a good job must be done in republishing excellent books such as "The Song of Youth," "Snowfield in a Forest," "How Are Iron and Steel Tempered," and so forth. Third, publication of excellent new books will be expedited. Fourth, planning will be properly handled to ensure that books are published as planned. This includes short-term, medium-term, long-term, comprehensive, special topic, and major and backbone book series publications planning. Fifth, the work of major publishing houses in Beijing, Shanghai, Tianjin, and Guangdong will be advanced to set a good example. Sixth, a group of outstanding publishing houses will be commended on National Day this year. A "national book award" will be inaugurated beginning this year.

The seminar, sponsored by the China Press and Publications Administration, lasted for four days. The principal responsible persons of 31 publishing houses across the country and relevant leaders of the Propaganda Department of the CPC Central Committee participated in the seminar.

AGRICULTURE

Economic, Social Stratification Seen in Rural Areas

*90OH0421A Beijing NONGYE JINGJI WENTI
[PROBLEMS OF AGRICULTURAL ECONOMY]
in Chinese No 1, Jan 90 pp 16-21*

[Article by Lu Xueyi (7120 1331 5669) and Zhang Houyi (1728 0624 5030): "Peasant Diversification, Problems, Remedies"]

[Text] **I. Diversification of Peasants From a Single Class Into Various Strata**

During the period immediately following liberation, China's rural population consisted of 70 percent poor peasants and farm laborers, 25 percent middle peasants, and five percent landlords and rich peasants. As a result of land reform during which the land was apportioned among landless peasants, the peasants became small producers depending on the labor of their own families to farm their own land. After the summer of 1955, at the height of the socialist transformation of agriculture, the peasants joined the collectivization and communalization movement, taking along their land, draft animals, and large- and medium-sized farm implements. The peasants' status changed from that of small private

owners to members of a rural collective economic organization. The collective economic organization practiced centralized leadership, centralized administration, and centralized distribution, individual members having no decision-making authority over exchange and distribution. Within the same basic accounting unit, peasant income varied very little, and economic conditions were substantially the same. Therefore, by 1978, the term commune member applied to China's 790 million peasants. With the founding of family output-related contract responsibility systems, and the dissolution of the people's commune administrative system following the Third Plenary Session of the 11th Party Central Committee, not only did the peasants have the right to move about freely and select occupations, but they could also purchase the means of production. Development of a commodity economy gave impetus to a pluralization of the rural industrial structure, and a change in the peasants' status. The peasants gradually changed from being agricultural laborers to commodity producers and commodity dealers. Thereafter, the peasants as a class entity and as members of a collective economic organization began to splinter into different strata whose individual interests and expectations differed.

A. The Agricultural Worker Stratum. This stratum contracts collectively-owned cultivated land, tills the soil, and works in the aquatic products breeding industry, relying entirely, or mostly, on their income from agriculture for their livelihood. They are the main labor force in China's rural villages at the present time. This stratum may be divided into four parts as follows:

1. Specialized peasant households or large contracting households. These households contract large tracts of collectively owned cultivated land, mountain tracts, and water services. They are fairly competent operators and managers who own quite a bit of farm machinery and equipment, and who have a fair amount of working capital. They provide a substantial amount of commodity products, and their income is relatively large. Not only do family members engage in labor, but these households generally hire helpers as well.

2. Relatively prosperous agricultural laborers. Peasant families in this stratum have a large number of laborers, and they have a certain amount of education, skill, and administrative capability. They have a complete line of agricultural means of production that they use in the contracting of collectively owned farmland that produces fairly high output. Not only do they fulfill state requisition procurement quotas, but they also sell some agricultural products to markets. They are fairly prosperous.

3. Subsistence peasant workers. This stratum farms collectively owned farmland. It has only draft animals and rudimentary farm implements, and it lacks sufficient production funds. When the harvest is good, and state policies are favorable, these peasants have some surplus; but when natural or manmade disasters strike, getting enough to eat and wear becomes problematical.

4. Impoverished peasant households. There are two types of impoverished peasant households. One type lives in parts of southwestern and northwestern China where the natural environment and production conditions are adverse, and where the level of social development is fairly low. Though they work all year long, they cannot get enough to eat or wear. According to statistics, there are currently 57.885 million people in 195 counties whose per capita annual incomes is less than 200 yuan figured at comparable 1985 prices. The other type lives in central and eastern China. These peasant families have to depend on relief payments and assistance in order to get by with great difficulty, because they lack workers, or the principle members of their workforce are ill, disabled, or are of low intelligence, they lack capital, they have inadequate farm implements, or their harvests are scant.

B. The Peasant Industrial Stratum. This stratum works in state-owned and collective entrepreneurial units year-round or most of the time, performing secondary and tertiary industrial labor, but they are registered residents of rural villages, and their families contract the farming of fields. They are not provided grain at parity prices by the state, nor do they enjoy the various subsidies and labor protection perquisites that residents of cities and towns enjoy. This stratum may be divided into two general categories as follows: In one category are peasant industrial workers who have left the land and left the village as well. Survey data show approximately somewhat more than 30 million peasants have left the land to work in industry, to do business, to farm the land, or to work in service industries in different cities and townships. More than 9 million of them have left their province of residence. Not only do they remedy the manpower shortage that exists in cities and townships in some areas, but they also bring new vigor and vitality to the economic development of border areas and backward places. In cities, they do most of the dirty and tiring labor, as well as toxic and dangerous kinds of work. In the process of working, their skills are constantly upgraded until they are able to take on some projects and jobs requiring fairly high skill. In the other category are peasant industrial workers who have left the land without leaving the village. They, work, eat, and live in collective enterprises in their own townships and villages, and most of them also contract and farm the land.

The number of peasant industrial workers is second only to agricultural workers. According to the most recent data, nearly 100 million people work in township and town enterprises. Aside from a small number of administrative and managerial personnel, most of them are peasant industrial workers.

C. The Hired Labor Stratum. This stratum is employed in private enterprises or in individually-run industries or businesses. However, they differ in character from hired workers under the capitalist system. They have contracted land and other means of production in rural villages sufficient to make a living. Unlike most peasant workers in township and town enterprises, hired workers

work longer hours and more intensively. Their welfare benefits are poor, their social status is low, they are under considerable stress, and there is a considerable gap between their pay and that of their employer. Even so, large numbers of young peasants try hard to become an employee of a privately owned enterprise, the main reason being to earn more than they can make from farming. According to statistics, more than 3.6 million people were employed in privately-owned enterprises, and when those employed in individual households are added to this figures, the national total number of employees is somewhere between 7 and 8 million.

D. The Intellectual Peasant Stratum. This stratum includes educated people engaged in rural village education, science and technology, medical treatment, cultural, and arts professions. They are mostly of two types as follows: One type is the nonagricultural population, and the cadres, staff members, and workers under a system of ownership by the whole people or collective ownership. The other type is the agricultural household population whose members are peasants. They include teachers in civilian-run schools, township and village medical doctors, peasant technical personnel, and workers in culture and the arts in township cultural centers. According to statistics, in 1988, 3.093 million educated peasant youths were engaged in rural cultural and educational activities; 1.291 million were engaged in health and welfare institutions; and 171,000 were engaged in the spread of scientific and technical information in rural areas.

In recent years, rural institutions doing intellectual work have developed only slowly, the reason being incompletely developed applicable policies. As a result, educated rural youths cannot find appropriate political, economic, or social positions, and some of them have transferred to economic activities, taking jobs in industry and business.

E. The Individual Laborer and the Individual Industrial and Business Family Stratum. This stratum applies to workers and administrators in rural villages who have some specialized skill or administrative capability, and who have the money to engage in some kind of specialized labor, or to run a small industrial, commercial, or service business. They are mostly the skilled craftsmen in rural villages. Individual industrial and business households have developed very quickly, going from 96,100 households employing 1.219 million people in 1981 to 10.7 million households employing 17.27 million people in 1987. Some carpenters, bricklayers, tilers, plasterers, and tailors who do not ply their trade regularly do not apply for a business permit. Therefore, the actual number of individual industrial and business households is larger than the figures given above. It is very difficult to know in detail either the amount of assets or the earnings of such individual rural households. There is a very great variation from one place to another in the country, and there are also very great differences between one household and another in the same area.

Statistical data show 5,028 taxpaying individual households of this kind in Xiangyang County, Hubei Province, and most of these households have about 10,000 yuan worth of assets, 30 percent of them having assets worth more than 10,000 yuan, and 10 percent having assets worth close to 100,000 yuan. The monthly net income of individual households in rural areas of Beijing is approximately 440-odd yuan. This includes more than 1,300 yuan for those who make house repairs, nearly 1,000 yuan for those who haul freight, and about 600 yuan for those engaged in the handicrafts industry.

Individual laborers differ from individual industrial and business households. The former generally live in scattered villages and hamlets; the latter concentrate in places suitable for doing business such as market towns and along transportation arteries. The former depend mostly on their own labor; the latter often hire no more than seven apprentices or helpers unless they themselves engage in labor.

F. The Privately Owned Enterprise Employer Stratum. This applies to the manager stratum of profit-making economic organizations in which enterprise assets are privately owned, and that employ eight or more workers. This is a new stratum that reappeared after completion of the country's transformation to socialism. The State Administration for Industry and Commerce estimates that as of the end of 1987 there were 225,000 privately owned enterprises nationwide, most of them in rural villages. If 80 percent of them were in rural villages; that means there were 180,000 privately owned enterprises in rural villages. At the present time, these enterprises are usually run by a family or a combination of households. At a rate of 2.5 managers per enterprise, there are a total of 450,000 employers. The actual amount far exceeds this figure.

How large are privately owned enterprises? Using typical random sampling principles, the Rural Development Research Center of the State Council systematically surveyed 97 privately owned enterprises in 26 villages using 120 permanent observation sites in 11 provinces. It found that each enterprise employed 22.8 people (and had 3.24 employers). Those employing 20 or fewer workers numbered 71.1 percent, between 21 and 50 workers 22.7 percent, between 51 and 100 workers 4.1 percent, and more than 101 workers 2.1 percent. The largest number of employees in an enterprise was 208. Each enterprise had assets averaging 144,000 yuan in value, 10.3 percent of them having assets worth 50,000 yuan or less, 9.3 percent between 50 and 100,000 yuan, 52.6 percent between 110 and 200 yuan, 18.6 percent between 210,000 and 50,000, 6.2 percent between 510,000 and 1 million yuan, and 3.1 percent 1 million yuan or more. The largest assets in an enterprise were worth 4.3 million yuan. The Hebei Provincial CPC Research Office's survey statistics for privately owned enterprises in Baoding Prefecture in that province showed each enterprise averaging 25 employees (and 2.3 employers), assets averaging 156,700 yuan, and output value averaging 200,000 yuan per year. Enterprises

employing 100 people and having assets of 1 million yuan or more numbered 3.1 percent. Large privately owned enterprises employing 1,000 workers or more with assets of between 4 and 5 million yuan, and an output value of 10 million yuan per year have also appeared. There were 9,696 privately owned enterprises in the prefecture's twenty counties and cities, and 22,377 employers. Each employer had private property valued at 68,000 yuan, 9,174 or 41 percent of them having private assets worth more than 100,000 yuan. Those having private assets of more than 1 million yuan numbered 110, or 0.49 percent.

Private enterprises are no longer a nonessential economic power in the rural commodity economy, particularly in the development of nonagricultural industries. In some places, the private economy is already an "invited guest who has taken over from the host," becoming the main economic component, and playing a pivotal role in local socioeconomic development.

In order to consolidate the economic position that they have already attained and make further advances, they have a strong willingness to participate, as well as political demands. The Baoding Prefecture survey data capsulize this as follows: 1) Demands to enter the party. As of the end of 1987, 38 percent of private enterprise owners were Communist Party members. 2) Demand to become grassroots cadres. In this prefecture, 21.3 percent of all enterprise owners belonged to grassroots organizations wielding political authority. 3) Join organizations or establish their own. In this prefecture, 94 percent of enterprise owners belonged to the Peasant Entrepreneurs' Society, the Individual Laborer's Society, the Industrial and Commercial Association, and the Trade Society. 4) Carry some other political rank. Eighty-two percent of enterprise owners in the prefecture having private assets of more than 1 million yuan had been elected to people's representative assemblies or congresses at various levels, were CPPCC committee members, members of the standing committee, or deputy chairmen. 5) An itch to get into the newspaper or on television. Some of them paid money to organize literary or cultural works publicizing themselves. 6) Donations, assistance, and the operation of public welfare enterprises. Because of their "special status" and "special background," the private enterprise owners who were reborn out of reform exist and develop in a restricted environment. Thus, they have a special political sensitivity, and are extremely attuned to policy readjustments. Nowadays, in particular, more investigation and study of this stratum should be done.

G. The Township and Town Enterprise Administrator Stratum. These are the administrators and managers in township and village enterprises under collective ownership including plant managers, directors, principal science laboratory leaders, and supply and marketing personnel.

Township and town enterprise administrators may be divided into three categories in terms of enterprise

administration methods: One category clings to traditional management methods. It is directly subordinate to a township or village administrative leader, receiving direction from township or village cadres. Their wage level is only slightly higher than that of staff members and workers in the same enterprise. Another category of township and town enterprises uses the plant manager (or director) contract responsibility system, and some employ labor, but strictly enforce the applicable regulations of Central Committee Document 1 of 1984. Ownership of the enterprise continues to reside in the collective. Distribution is according to work, management is democratic, and dividends are issued at only a certain percentage of capital invested. Managers have fairly great autonomy and decision-making authority. They also bear very great responsibility and risks; thus, they receive premium remuneration, but there is no great disparity from workers' income. Still another category has an incompletely developed contract system. It simply mechanically applies the "large scale contracting" used in agriculture, and the method of "doing everything itself." As existing fixed assets depreciate or wear out in the reproduction process, the amount of newly sought investment has steadily increased and the system of ownership of the means of production has changed gradually to the point where the privately owned portion is the dominant or overwhelming majority. The character of enterprises has changed, collective enterprises turning into privately owned enterprises, and enterprise managers also have become private enterprise owners. Nevertheless, they continue to retain their collective enterprise designation, and they enjoy the preferential treatment accorded collective enterprises. This privatization of collective enterprises occurred everywhere during the early period of promotion of plant manager contract responsibility systems, and in some places it virtually took over. Statistics on the township and town enterprise manager stratum are fairly complicated because there are five levels of township and town enterprises today, including, township, village, villager team, associated household, and household-operated enterprises. The three last levels actually overlap with privately owned enterprises, and individual industrial and commercial households. In 1988, there were 1.59 million township and village run enterprises. If each of them averaged five or six administrative and managerial personnel, then there were approximately 8 or 9 million township and town enterprise managers nationwide. They have a high economic and political status locally, and substantial influence. As the rural commodity economy develops, the number of people and the power of this stratum will continue to grow.

H. Rural Administrator Stratum. This stratum consists of grassroots cadres at the township and village levels, who are the organizers, leaders, and managers of rural political, economic, and social life. In 1988, there were 866.25 million people in 208 households in rural China, making up 56,002 townships and towns, and 740,375 villages. The political stability, the economic development and the social progress of such a huge social group

depends on the work of hundreds of thousands of rural administrators. The rural administrator stratum is divided into four main categories as follows:

1. Full-time cadres excused from ordinary duties. These are the main leaders and professional cadres in township and town party, political, and economic organizations, such as township and town CPC committee secretaries, professional CPC committee members, township and town government heads and professional assistants, and persons in charge of township and town organizations that are an extension of county and city level institutions concerned, such as the heads of grain stations, the directors of supply and marketing cooperatives, etc. They are part of the state table of organization, and they are a nonagricultural population, but they are responsible for rural work. They are the leaders and the policymakers for all rural work, who play a key role as a connecting link between the top and the bottom.

2. Semi-full-time cadres. These are vocational cadres and working personnel in township and town party, government, and economic organizations, such as those who handle affairs in township and town party CPC committees and government offices, and working personnel in organizations that are an extension of county and city institutions concerned. They are a part of the rural population, and they are peasants. They are provided supplementary wages from township and town governments according to wage standards for cadres, and as local government revenues permit.

3. Cadres who enjoy fixed subsidies. These are rural party branch secretaries, the chairman and deputy chairman of villagers committees, accountants, and such principal leaders of rural organizations. They are not excused from regular duties; they are peasants; and their families contract land. They are the organizers, executors, and administrators of all village work. They are the persons responsible in the most basic level party and government organizations. By regulation, the number of principal village level cadres is usually three or four, and at most five or six.

4. Cadres who enjoy subsidies for missed work. These are rural youth league branch secretaries, Women's Association chairmen, militia company commanders, the chairmen of peace preservation and mediation committees, and heads of villager teams. The number of such people is not set, and their role varies greatly from one village to another. Since they are the main assistants and back-up forces for principal cadres at the village level, they have very great influence.

The rural administrator stratum is the power stratum in socialist society. It is a social group that represents the peasants in the exercise of all authority, and it is a bridge and a bond that links the Party and the state with the peasants. However, since these administrators are appointed by higher authority, mostly they represent the

state's interests. Thus, relations between cadres and peasants reflect, to a very great extent, relations between the state and peasants.

Extrapolation of our representative sampling and pertinent statistical data shows the percentages of these eight strata in the total peasant population to be approximately as follows: Agricultural workers, 55 to 57 percent; peasant industrial workers, 24 percent; employees, 4 percent; peasant intellectuals 1.5 to 2 percent, individual workers and individual industrial and commercial households, 5 percent; private enterprise owners, 0.1 to 0.2 percent; township and town enterprise administrators, 3 percent, and rural administrators, 6 percent.

II. New Problems in Rural Socioeconomic Development Following the Diversification of Peasants

A. Increased Peasant Income and Improved Standard of Living, But Widening of the Income Gap, and the Appearance of Unfair Distribution as a Social Problem. During the past 10 years of reform, peasant earnings have increased very rapidly. Peasant per capita net annual income nationwide increased from 134 yuan in 1978 to 545 yuan in 1988. After adjustment for price factors, this was an actual seven percent annual increase. Once the peasants' basic food and clothing needs were solved, the quality of life rose markedly. Nevertheless, the income gap widened among different strata, notably between the individual industrial and commercial households and private enterprise owners, and the other peasant strata. In some cases, the disparity was substantial. Pertinent data show an annual individual household per capita net income of approximately 5,000-odd yuan in rural Beijing. Each of the previously mentioned 97 privately-owned enterprises had a net income of 35,500 yuan in 1987, and each manager netted an average 11,000 yuan. In many jurisdictions, there are major households having a net income of tens of thousands or even hundreds of thousands of yuan in some years. Meanwhile, members of other peasant strata have net annual earnings of only somewhat more than 1,000-yuan. Among a substantial number of these people who have become rich first, consumption exceeds normal bounds or is even abnormal or skewed. In some not very prosperous rural villages today, this "income contrast" seems particularly strong. Some of their high income is exploitive income that derives from the surplus labor of their employees; some of it comes from violations of the law such as tax evasion and tax cheating, and from illegal activities; some of it derives from off-the-market money exchange; and some of it derives from the enjoyment of "special policies," and "benefiting from favors," "piling it up" artificially. These social problems of unfair distribution not only cause economic losses for the state and upset the economic order, but they also pollute the social atmosphere, cause the negative factors for instability to fester, and some of them have reached the point of causing serious damage. This is a problem about which the peasants are currently most dissatisfied.

B. Peasants' Political Attitude and Expectations Undergoing Change, But Without Corresponding Change in Guiding Thought for Leading Rural Work. Relations Tense Between Cadres and the Masses of Peasants in Some Places. During the 1950's and 1960's, peasant relations with the party and government might be capsulized by the following couplet that the peasants pasted up everywhere: "Obey the words of Chairman Mao, and Go With the Party." During the 1970's, the peasants strongly demanded reform. Heeding the people's will, the party and government led the peasants in the implementation of the output-related contract responsibility system. The peasants were elated, very quickly solving their food and clothing problems. The peasant's attitude during the period might be capsulized in the three-phrase doggerel verse that was very popular at that time: "Deliver full amount to the state; retain sufficient for the collective, and the rest is our own." This vividly depicted the distribution method in the contracting of work tasks to individual households. It also showed, however, the greater independent character and sense of initiative of the peasants resulting from their transition from being purely agricultural producers to commodity producers and managers, and it showed the good sense, concern for the overall situation, patriotism, and love for the collective with which the country's peasants are imbued. After the mid-1980's, the peasants surged ahead from small plots of land into the commodity economy sea. Market fluctuations, and price escalation directly affected their personal interests. Commodities are natural levelers. As commodity producers and managers, the peasants most intense desire and demand was for exchange of equal value in fair trading. Nevertheless, the rise in prices of agricultural by-products during these years was far lower than the rise in prices of industrial products. The price scissors between industrial and agricultural products widened further. Furthermore, our guiding thought continued to be tilted toward cities and industry, requiring the peasants to continue to "make a contribution" to the country for the excessive accumulation of funds for industrialization. In addition, corruption existed among a small number of cadres (particularly leading cadres), who used their official authority for private gain, resulting in loss of peasant confidence in the Party and government. The peasants strongly demanded protection of their own interests and rights. Thus, how to change the guiding thought for rural work to bring it in line with the situation following the diversification of the peasants into strata was the key in smoothing rural relationships.

C. Dampening of Interest in Production of Agricultural Laborers in Recent Years, and Apathy About Agricultural Production. Peasant unwillingness to farm, their "attachment to the land" changing to "despising the land," is a change meriting attention that has occurred in recent years. The amount of cultivated land per capita in China is not very large to begin with, but in many places today, people are abandoning the land or farming only one or two crops each year instead of three, and doing less intercropping. The collection of human and animal

excrement, large scale growing of green manure, intensive farming, and planting crops that nurture the soil are a fine tradition in Chinese agriculture. Nowadays, however, the peasants do not want to haul away the feces and urine of city and town residents; they grow less green manure than formerly; and they tend the fields in a less intensive way as well. Most of the money that peasants accumulate is used for consumption, such as building houses, and very little is invested in agricultural production. During the slack winter season, they would rather sun themselves, doing no or very little work on farmland capital construction. In some places, agriculture has regressed to a simple reproduction stage, outputs of grain and other agricultural productions exhibiting a trend toward decline. The reason for all this is that the peasants' comparative returns from farming are too low. The benefits gap makes them want to have nothing to do with agriculture. They do not care, and they do not want to care. This is at the nub of the problem of the serious situation in agriculture, and the faltering in grain output during the past several years. Agriculture is the foundation of the national economy, and agriculture is, first of all, the foundation for rural economic and social development. Furthermore, it is the initiative of the agricultural workers that powers the development of agriculture. How to stir and protect the enthusiasm of agricultural workers who are a majority of the rural population is the key to increasing the reserve strength of agriculture, and it is essential to insuring coordinated rural economic and social development.

D. Paralysis and Semiparalysis of Rural Grassroots Organizations. After dismantling of the rural people's commune administrative system, the peasants, who had been a single entity as members of people's communes, gradually diversified into various strata having different interests, and different expectations. More than 200 million peasant households actually changed into more than 200 million production and business units. How to organize and administer such a huge social group, and how to adapt rural grass roots organizations now that the basic structure of rural society had changed was an extremely important problem under the new circumstances. Nevertheless, the work we have done in this regard during the past 10 years has been very inadequate, so much so that grassroots organizations in some places are in a state of paralysis or semiparalysis. This paralyzed and semiparalyzed state exists in about one-third of the grassroots organizations of a substantial number of provinces and autonomous regions. In some places, the situation is even more serious. A survey we conducted shows that where grassroots organizations are paralyzed, party branches are also at a standstill, and the collective economy is weak, producing a cause and effect situation. The unorganized, decentralized, numerous small commodity producers can accomplish little in large, planned, unified markets controlled by the laws of value. The existing form of grassroots organization is no longer pertinent, and new forms of organization have not been established, so the rural villages are adrift. This is the major cause of many of their problems.

E. Coordinated Development of Economic Growth and Social Progress Impossible. In some places, economic growth is very fast, yet social problems are rather conspicuous. Granted that social progress has more levels, more components, and is more complex than economic growth, this situation also stems from our guiding thought. Some leading comrades in these places understand the fundamental task that the CPC Central Committee has issued on the development of productivity to be their one and only task. In their actual work, they translate it into quotas and figures at the center of which is economic output value, and they simplistically equate it with cadre achievement, using it as the standard for cadre evaluation, and in deciding cadre success and failure, reward and punishment, and promotion and demotion. Faced with these so-called "hard targets," tasks such as social progress and the building of spiritual civilization become "invisible, and unfathomable" "soft targets," serving as a foil. As a result, social problems of all kinds proliferate in rural villages, giving rise to worries on the part of many people. While bending efforts toward rural economic growth, we should also devote serious attention to social progress so that the building of spiritual civilization and material civilization develop in step. Historical experiences shows that "prosperity is not the same thing as happiness," "much less is economic growth social progress." At a time when income is still not very high, we should organize society better to create a cultured, healthy, and fine living environment for the peasant masses when prosperity has not yet arrived. We should not be like modern industrialized countries that wait until the economy develops and social problems pile up before treating them. If "polluting first and cleaning up later" can only mean payment of a greater economic cost in cleaning up the ecological environment, and is a case of "locking the barn after the horse has been stolen," then in the cleaning up of the social environment, "polluting first and cleaning up later" will hurt the healthy growth of a generation or several generations of people.

III. Advancing the Further Diversification of the Peasantry and Ideas on Remedies to Problems That Can Be Considered for Adoption Today

The diversification of the peasantry has given impetus to the development of a rural economy economy, but has also given rise to some new social problems. Unless these problems can be satisfactorily solved in time, they will impair further diversification of the peasantry, which will adversely affect continued development of the rural commodity economy. Therefore, a correct estimate of peasant diversification has to be made first in order to gain a firm understanding of the main trends in the diversification of the peasantry. It should be clearly realized that the diversification of the peasantry has just begun, and that there is still a large surplus of agricultural labor languishing on the land. Therefore, it is necessary to continue to promote a deeper diversification of the peasantry. However, because of the the different interests, expectations, and demands of the various strata, certain conflicts are bound to occur during this process.

Furthermore, they are bound to intensify within certain limits during a certain period of time. Therefore, strenuous efforts to solve these social problems in order to reduce to the minimum the social shock that is bound to accompany the peasant diversification process is essential to the development of rural stability, and it is also the orientation for guiding rural work.

A. Use of Thorough Survey and Study as a Basis for Renewed Understanding of the Peasants, Protection of the Peasants, Indoctrination of the Peasants, and Guidance of the Peasants; Mechanisms To Lead Rural Development Should Be Established From the Central Government to Local Levels. For a number of years and for various reasons, our leading comrades, theoreticians, and comrades having to do with rural matters have not gone to the countryside. Some of those who have gone have merely scratched the surface or made cursory observations with regard to the new situation that has come about following the diversification of the peasantry. They have not done thorough and painstaking survey and study work. They have only scanty knowledge and a foggy notion of the peasantry following diversification. Policies formulated on this basis can scarcely be consistent with realities, nor will they be readily accepted by the peasants. Therefore, a major effort in investigation and study should be initiated. The peasantry is China's largest social group, and it is also the largest social group affected by the changes that have taken place during the past 10 years. Therefore, a renewed understanding of this group is needed, and both the country and the government should protect their social rights and interests. Protection of the peasants has many different components, and has to be thought over carefully. Present circumstances cry out for the establishment of an authoritative leadership organ for development of rural villages to formulate and carry out long range plans for rural development, with leaders and organizations battling hard to protect the interests of the peasants as though they were their own. Subsequent to 1986, a policy of agriculture as the foundation was reiterated, but agriculture as the foundation has to be politically and organizationally assured. Nowadays, a deputy provincial governor, a deputy county magistrate, or a deputy township head are in charge of agriculture in most places. Most of them are not at the standing committee policy making level; their authority is limited; and not all of them are professionals. Consequently, a powerful leadership organ to take charge of rural development has to be established from the central government to the local level for the purpose of providing the peasants genuine protection politically and organizationally.

B. Dealing With the Peasants in Terms of the Laws of Value for Gradual Building of a New Order in the Rural Commodity Economy. Grain and other agricultural products are commodities; agricultural production is commodity production; and the peasants are commodity producers. Therefore, the peasants should be dealt with in terms of the laws of value. This is a basic conclusion

that our party has reached from the summarization of experiences and lessons learned in leading the peasants and agricultural production since founding of the People's Republic of China. Naturally, dealing with the peasants in terms of the laws of value, and particularly the establishment of new procedures in the rural commodity economy, is certainly not to be done overnight, but rather has to be done through a whole series of reform measures and through an historical process of development. For the present, the most fundamental need is to rectify the guiding thought for dealing with the peasants, gradually turning around the tilt of policies toward the city and the countryside for a gradual change in the bifurcation between city and countryside. It should be clearly realized that both China's modernization, and rural modernization require a steady diversification of the peasantry, the peasants steadily leaving the land. For the moment, however, there are two crucial requirements, the first of which is readjustment of the relationship between industry and agriculture, increasing investment in agriculture to strengthen the material foundation of agriculture. This is not just a measure for extricating agriculture from its predicament, but even more a material support for agriculture to rise two steps during the 1990's. On the basis of historical experience and national resources today, investment in agriculture should form 10 percent of the state's annual investment in capital construction, 20 percent of local governments', and 30 percent of the income of collectives and the peasants. Second, comparative prices of industrial and agricultural products should be readjusted.

C. Revival and Development of the Rural Collective Economy, and Building and Perfecting Rural Grassroots Organizations. Rural grassroots organizations are bridges that link the party and government to the peasants; they are bonds for organizing the peasants; and they are "transfer stations" in the transmission of information from the top to the bottom, and from the bottom to the top. Unorganized small commodity producers are as shifting as a sheet of sand and unable to constitute a force. The Chinese peasants, who are in process of diversifying, are the world's most populous social group, which is particularly in need of organization in order to be able to move along together along the socialist road. However, ever since the dissolution of the people's commune administrative system in which government administration was integrated with commune management, "organizing to blaze new trails" has been in a process of study, and has not been well implemented. In the course of rural surveys, we found that the "unity" component binds together extremely closely the collective economy, grassroots organizations, and two-tier administration, and that they rise and fall together. If one says that rural grassroots organizations are bonds for the organization of the peasantry, then the collective economy is the material foundation for grassroots organizations, and the "unity" component in two-tier administration. It is both a material guarantee for the consolidation of the collective economy, and plays an important

function in the perfection of grassroots level organizations. When we speak of rural decentralization, what we really mean is incomplete grassroots organization, loss of the role of the "unity" component, no "economy" in the collective economy, and no "collective" either. Millions upon millions of small producers revolving around unified large scale market production and business results in a disjunction between the production and sale of numerous agricultural products, imbalance between supply and demand, and great fluctuations in availability. How can the collective economy be revived and developed, and a grassroots organization be built and perfected? Attention should be given to the following matters as specific local circumstances require: 1) Build village-operated collective enterprises for the revival and strengthening of the collective economy as industrial policies and local strengths permit, using funds collected from the masses or other means; 2) use favorable existing opportunities to do more building of Party branches to make use of the combat fortress role of party branches; 3) build villager self-government organizations, gradually standardizing and systematizing them; 4) build various kinds of social service organizations for production and daily life in accordance with the desires and demands of peasants in all strata; 5) establish mass militia, youth, and women's organization that are in tune with the new times.

D. Regulate the Excessive Incomes of Individual Households and the Owners of Privately Owned Enterprises, and Protect the Legal Rights and Interests of Employees. Regulation of the excessive incomes of individual households and the owners of privately owned enterprises should be done on a case-by-case basis, with no "arbitrary uniformity." First, their positive role in developing the rural commodity economy and advancing the process of peasant diversification should be looked at as a basis for permitting their existence and their proper development. At the same time, there is no need to deny their inherent shortcomings, so it is necessary to "encourage what is favorable while curbing abuses, and to strengthen control supervision, and guidance." The problem today is failure to "effect control" at once after "taking a look." The point of departure for regulating their excessive incomes should not be to kill the goose that lays the golden egg, or to drain the swamp that provides the fish, nor should it be to make them become "extinct" in China once again. Instead, the economic lever of tax collections, and the equitable distribution of social wealth should be used to curb their excessive consumption, and "necessary" social deductions should be provided for, thereby moderating the contradiction of inequitable social distribution. In addition, of benefit to them in a planned commodity economy are equitable tax burdens, equal competition, encouraging what is favorable while curbing abuses, and operating according to the law to advance their own steady, and healthy development. Actually, we have already done a great deal of work in the control, supervision, and regulation of income of individual households and the owners of privately owned enterprises. Close on the heels of a

succession of regulations and rules pertaining to individual households, the first meeting of the National Party Congress in April 1988 enacted the legal position of privately owned enterprises into the constitution, after which the State Council promulgated temporary regulations on privately owned enterprises, temporary regulations on privately owned enterprises' income taxes, and regulations on personal income regulation taxes collected from investors in privately owned enterprises. Recently a policy on privately owned enterprise tax collections was also formally spelled out. The overall requirement is for protection of legal operations, rulings on rational tax burdens, encouragement of more use of after-tax profits in production, and additional limitations on portions used for personal consumption. We made some calculations for several privately owned enterprises, using pertinent national policy provisions. If they have factually reported their output value or volume of business without holding back, privately owned enterprise managers should have to make an extremely great effort to realize a net profit of more than 10,000 yuan. "Only by vaulting high can they clear the bar." The problem today is gradual implementation, as national circumstances warrant, of the systemization, standardization, and particularization of tax collection policies and measures for inspection and supervision.

In protecting the legal rights and interests of employees, the sole focus should not be on raising the level of employees' wages, because this will limit the average wage level in society as a whole. Work should be done in the following several regards: 1) Reducing the intensivity of workers' labor, and improving their working, messing, and dormitory conditions; 2) improving worker quality, arranging for their study of technology and culture; 3) instituting retirement insurance as prescribed by law; 4) encouraging plant owners to expand the size of operations to take in more surplus agricultural labor.

E. Close Attention to the Study and Treatment of Rural Social Problems To Promote Coordinated Rural Economic and Social Development. By the end of this century, our goal is to double growth of gross national product, the people's standard of living reaching a comfortably well-off level. The goal of a comfortably well-off economy is a per capita gross national product of between \$800 and \$1,000. This comfortably well-off social goal should mean social tranquillity and unity, sober and calm rule, democratic progress, an upright party spirit and popular spirit, and a fine mental outlook. Historical experience in the development of the world's developed nations shows that during the period of development from a per capita \$400 to \$1,000, social change is rapid and social contradictions are numerous. Large numbers of social problems of all kinds appear with loss of control over social development and going off the rails possibly occurring to the point of even adversely affecting economic growth and social progress. Right now, a majority of the country's rural villages are at this stage of development, so when deepening rural reform, close attention should be paid to the study and treatment

of rural social problems to spur integrated rural economic and social development.

National Water Administration Planned

*HK1805035090 Beijing CHINA DAILY in English
18 May 90 p 3*

[By staff reporter Liang Chao]

[Text] China plans to establish a national water administration to enforce the country's first water law over the next two years.

"This is one of the government's major efforts aimed at legalizing China's water administration," said Water Resources Minister Yang Zhenhuai at a national conference currently underway.

The measure has been tried out in China's 10 provinces since last year and it is expected to be extended to more areas by the end of next year.

At present, special organs with more than 6,000 water supervisors and security personnel have already been set up in more than one-third of the country's counties to execute the Water Law with the help of local authorities.

The ministry started the work last August by selecting 21 cities and counties from the 10 provinces, Ke Lidan, director of the Ministry's water administration department told CHINA DAILY.

Since then, about 1,000 employees under local government's water administrations have been trained and appointed as professionals or part-time water supervisors.

Special agencies, composed of officials and police from local water and land administrations, judicial and public security bureaus, were established to strengthen their authority to enforce the Water Law and deal with water-use disputes and related problems.

Meanwhile, the director said, more than 120 local regulations on water use and policies have been worked out and many cases concerning sabotage of water conservancy facilities have been handled.

They have also helped local authorities to demolish or remove many man-made barriers, including buildings and tombs built in river courses used as flood-discharge channels or on embankments.

In Central China's Hubei Province, police foiled 18 theft rings accused of sabotaging and looting flood-control facilities in Jingshan County, and similar cases dropped by 60 per cent so far this year in two of Beijing's counties against the same period last year.

Various water conservancy facilities were found to have been sabotaged, by the occupation of water courses and the stealing or looting of flood-control facilities, the director said.

Sabotage of state-owned facilities cost 154 million yuan (\$32.7 million) in direct economic losses in 1988 alone, according to statistics from the Ministry of Water Resources, though the damage of last year is still unknown at the moment.

Development Urged for Water-Saving Agriculture

*HK3003012790 Beijing RENMIN RIBAO in Chinese
15 Mar 90 p 5*

[Article by Chen Junsheng (7115 0193 3932): "On the Development of Water-Saving Farming"]

[Text] Using science and technology to invigorate agriculture is a matter of great significance. Comrade Xiaoping said that the final solution to agriculture is science. Science is a terrific thing and should be taken seriously. Comrade Xiaoping's remarks on China's agricultural development are a summation of China's experiences in agricultural development in the last few decades. We should follow Comrade Xiaoping's instructions in using science and technology to invigorate agriculture.

In my opinion, all measures to invigorate agriculture are related to water. Irrigation is the lifeblood of agriculture. Therefore, I would like to air my views on developing a water-saving agriculture.

1. The shortage of water resources in China will remain a difficult problem to solve for a long time. It is necessary to fully understand this point.

Water resources in China total 2,800 billion cubic meters, China's per capita possession of water is one-fourth of the world's, and the average water distribution on farmlands accounts for only half of the world's. Underground water resources in many localities are overexploited now and their water levels have dropped. Underground funnels have even been discovered in some localities. In Hebei Province, 90 percent of the shallow stratum underground water has been exploited, and in Henan Province, 70 percent has been exploited. Since the 1970's, underground water levels in northern China have dropped by 0.5 to 3 meters each year on average. Grain production in some of these regions is now maintained by overexploiting underground water resources. The most serious threat to China's three northern provinces is drought.

This suggests that water resources in China are quite scarce. China is one of 40 countries that is seriously short of water. Apart from the scarcity of water, the country also faces the following situations:

First, water consumption for agricultural production is great. The country's gross annual water consumption is 560 billion cubic meters, over 80 percent of which is for irrigation. Second, the distribution of water resources is uneven. About 45 percent of the land is located in regions with rainfall below 400 mm. Runoff in regions along the Huang He, Huai He, and Hai He only accounts for 7.5 percent of the country's total, but farmlands in

these regions account for 36.5 percent of the country's total. These regions are seriously short of water resources but constitute important agricultural production bases for the country. Third, the country's effective use rate of water is low. The effective use rate of water in gravity irrigation areas and in well irrigation areas is only 40 percent and about 65 percent respectively. Water consumption in the plains along the above three rivers is 50 billion cubic meters a year, 30 billion cubic meters of which evaporates or seeps out of the fields.

Up to the end of this century, the shortage of water will remain an obstacle to China's agricultural production (mainly in northern China and in some provinces in the south).

Water resources are precious, but the waste of water is astonishing. According to an estimate by the relevant department, if the effective use rate of water is raised by 10 percent, an increase of 45 billion cubic meters of water will be registered a year, assuming water consumption for agricultural use is 450 billion cubic meters. This increase is equivalent to building dozens of large reservoirs.

The shortage of water resources threatens all agriculture as well as industry, transportation, energy production, and people's livelihoods. This is no exaggeration. Many scientific and technological personnel have made strong appeals for solving the country's water shortages. But the problem has not received adequate attention.

Developing water-saving agriculture is not an expedient measure but a long-term task. Even after the successful diversion of rivers from the south to the north, it is still necessary to develop water-saving agriculture. Rainfall has been wasted for a long time. In Qinling and the northern part of the Huai He, annual rainfall is below 800 mm, and hardly 550 mm of rainfall seeps into the farmlands. On the plains along the Huang He, Huai He, and Hai He, in the larger part of northeast China, Shanxi, and Shaanxi, and in the southeastern part of Gansu, rainfall ranges from 400 to 800 mm, yet only 350 to 550 mm of rainfall seeps into the farmlands. This situation must be changed as soon as possible.

2. Thanks to the efforts of scientific and technological personnel, China has made a series of scientific and technological achievements in its research on saving water. Marked results have been achieved in both saving water and increasing production. Now efforts should be made to turn these achievements into actual productive forces.

Water-saving measures in various localities are as follows:

First, underground water resources are being rationally exploited. People in some localities combine the use of wells and canals: when canal water is in short supply, they use well water; during the flood season, they store water to economize on the use of underground water. For example, people in some southern provinces build

dams and reservoirs to reserve water, people in Anhui rationally use underground water, and Heilong Port in Hebei Province uses slightly salty water.

Second, canals are constructed so that water does not seep through, and water is diverted in pipes to reduce water loss during diversion. Generally this will help save 50 to 70 percent of the water. Leak-proof aqueducts are good for gravity irrigation areas, whereas pipeline water diversion is recommended for well irrigation areas. Pipes may be made of concrete or plastic and buried underground. This will reduce water loss during diversion. I went to Yuncheng City in Shanxi Province last September and saw a kind of gray clay concealed pipe that saved water, land, and expenditures. Its effective use rate of water was 95 percent. If this kind of concealed pipe can be introduced in all of the 20 million mu of irrigated fields in the area, 200 million cubic meters of water will be saved a year, which is equivalent to expanding the irrigated fields by 500,000 mu. This kind of gray clay pipe costs only two yuan per meter. In comparison with leak-proof concrete aqueducts, this kind of concealed pipe will help save 15 million yuan if introduced into irrigated fields throughout the entire area. When diverting water, people in many localities use low-pressure pipes for irrigation.

Third, the advanced technology of spray and drip irrigation is being adopted. According to statistics, spray irrigation was introduced to 10 million mu of land in 1989. This mainly involved irrigating fields of industrial crops such as oranges, tangerines, apples, tea, fungi, and ginseng.

Fourth, various water-saving measures are being taken, such as levelling fields, making the area of low-lying fields smaller, shortening long aqueducts and narrowing broad ones.

Recently a retired comrade from the Chinese Science Association sent me some reference material on a method designed by Comrade Shi Guanyi, a senior engineer in the Shanxi Soil Conservancy Institute. This method can preserve water and soil, cope with drought, and help increase production.

Heilongjiang Province suffered a drought and registered a crop failure last year, but production on farms in the province was better than in other places because of mechanization and deep cultivation. The Keshan Farm has reaped a good harvest of grain and beans for 12 consecutive years. Although rainfall was only 285 mm last year, its wheat output was 225 kg and the output of beans was 200 kg, about twice the output in the surrounding rural areas. Their most important experience was the softening of the land to preserve the water in it and the planting of trees to expand afforestation.

People in Gansu and Ningxia engage in harnessing small rivers. They plant trees at the top of the mountains, build terraced fields in the middle of the mountains, and make ditches at the foot of the mountains, with good water conservation results. In short, various localities have

taken different water-saving measures. We should sum up their experiences, popularize the achievements of scientific research more extensively, and turn them into productive forces.

3. Water-saving measures should be popularized according to specific conditions.

China's territory is vast, its natural conditions complex, its weather conditions varied, and its economic conditions different from place to place. Irrigation arrangements and water distribution for crops are changeable. Therefore, different kinds of experiences should be popularized in light of different natural and economic conditions. A single solution is inapplicable in this respect. The plains along the Huang He, the Huai He, and the Hai He constitute the biggest agricultural region of the country. Areas under canal and well irrigation account for 55 percent of the total cultivated land in this region. Most of these areas are irrigated three times. But experts said that one key irrigation would be adequate for certain areas and that this would raise the per mu output of wheat to 250 kg and corn to 750 kg. Plastic sheeting may also be used for water conservation. In some regions this method has helped save 49 cubic meters of water per mu and raise the per mu yield by 22 kg.

Drip and spray irrigation is suitable for uneven farmlands with high permeability. Methods should be worked out on how to use slightly salty water to irrigate farmlands in the coastal areas and saline soil.

4. There should be a uniform social service.

The output-related household contracted responsibility system is bringing the initiative of peasant households into play in carrying out independent operations. But some major tasks cannot be fulfilled by one or two individual households. A uniform social service is necessary to bring into play the strong points of dual operations by the collective and individual households.

A uniform social service involves many aspects, such as unified planning for crops planting in different regions, unified use of water for crops planting, and a rational adjustment of the crops mix. For example, if one household grows rice and another grows corn nearby, there will be a contradiction, because when the former requires water irrigation, the latter does not. In such cases water will be wasted. So it is important to adjust the crop mix in the same area. In dry regions it is advisable to reduce wheat acreage and increase cotton acreage, because wheat requires a lot of water and cotton does not. Supplying antidrought seed varieties is also important to improving the unified social service.

Under China's existing management system, the fulfillment of many tasks relies on administrative measures. To develop a water-saving agriculture more profoundly and extensively, leadership must be strengthened. Introducing water-saving agriculture is a crucial concern to China's agricultural development now and in the future. Therefore, some of the cadres who have gone to the grassroots level should be

assigned to take charge of water-saving work in cooperation with local cadres. If saving water does not receive proper attention in agricultural production, this means a failure to get to the heart of the matter.

The development of a water-saving agriculture involves people in many fields besides water conservancy, agriculture, and science and technology departments. The entire society should support this work. Priority should be given to supplying chemical fertilizers, farm chemicals, and plastic sheeting for water-saving agricultural experiments.

Prices of Farm Materials Stabilize

40060049A Beijing JINGJI RIBAO in Chinese
2 May 90 p 2

[Summary] In the first half of 1990, on average the sale price of chemical fertilizer was 493 yuan per ton, a 5.6-percent increase over the same period in 1989; the price of six major pesticides was 12,658 yuan per ton, a 9.4-percent increase over the 1989 price of 11,570 yuan; and plastic sheeting was 7,057 yuan per ton, a 5.6-percent decrease from the 1989 price of 7,506 yuan.

Hog Prices Drop, Cash Payments Insufficient

90CE0066A Beijing NONGMIN RIBAO in Chinese
13 Mar 90 p 1

[Text] In 1989, because governments at various levels strengthened their leadership over hog production and stabilized their policies, nationwide production achieved further development. However, new circumstances are now affecting the stability of production development and circulation, and they should be closely watched by the relevant departments at the various levels.

First, the selling price of fattened hogs and young hogs has dropped, resulting in reduced income for raising hogs. The average per jin purchase price for fattened hogs in Jiangsu Province at the end of 1989 was 1.8 yuan, a 7.5 percent drop compared to the same period in 1988. The price ratio between hogs and grain was 1:4, and the average per jin price for young hogs was 1.7 yuan, a 40 percent drop compared to the same period in 1988. In most localities in Hebei and Shanxi provinces, the per jin selling price for fattened hogs was between 1.3 and 1.5 yuan, about a 40 percent drop compared to the same period in 1988, and the per jin selling price for young hogs was about 1 yuan, a 50 percent drop compared to the same period in 1988. In some places in Shanxi, the selling price of meat hogs is only 1-1.1 yuan per jin and that of young hogs 3-5 yuan per head, thus making hog raising unprofitable.

Second, paying for hogs with "IOU's" is still a serious problem, with the peasants not receiving cash for the hogs they have raised. It has been reported that, according to incomplete statistics, in January 1990, 138.58 million yuan in "IOU's" for hog purchases were issued in the provinces of Jiangsu, Shandong, Anhui, Shaanxi, Hebei, and Shanxi. Of this amount, the

"IOU's" came to 11.45 million yuan in the three Jiangsu counties of Siyang, Shuyang, and Huai'an.

Third, penned fattened hogs are, in varying degrees, difficult to sell. According to incomplete statistics, in January of this year, the provinces of Hunan, Shandong, Anhui, Shaanxi, Hebei, Jiangxi, and Shanxi had 11.5 million head of fattened hogs waiting to be sold. Of this number, Shandong had 4 million head and Hunan 5 million head. The relevant departments in the various localities should promptly take measures to ensure the stable development of hog production.

April Exports of Cereal, Oils, Food

HK1705123390 Beijing CEI Database in English
17 May 90

[Text] Beijing (CEI)—Following is a list showing the volume of China's exports of cereals, oils and food in April 1990, according to primary statistics released by the General Administration of Customs.

Item	Unit	Apr. 1990	Apr. 1989
Pig	head	232,288	258,251
Poultry	in 10,000	280	368
Beef	ton	7,535	9,431
Pork	ton	10,546	6,357
Chicken	ton	2,899	2,624
Rabbit	ton	1,208	651
Egg	in 1,000	72,501	97,738
Aquatic	ton	26,742	21,498
Fish	ton	2,252	3,533
Prawn	ton	6,904	4,423
Cereals	ton	433,601	612,061
Rice	ton	4,245	28,696
Soybean	ton	101,214	119,383
Pulses	ton	54,406	45,036
Maize	ton	231,273	275,421
Vegetables	ton	54,884	61,001
Fruit	ton	4,662	10,642
Orange	ton	1,144	2,562
Apple	ton	3,263	6,328
Sugar	ton	53,226	5,476
Canned food	ton	62,202	46,296
Pork	ton	7,490	7,385
Vegetables	ton	34,553	22,190
Fruits	ton	8,373	9,147
Others	ton	11,785	7,575
Vegetable oil	ton	19,983	682
Peanut	ton	34,351	44,600

Beijing Set To Boost Corn Production

OW1105115090 Beijing XINHUA in English
0933 GMT 11 May 90

[Text] Beijing, May 11 (XINHUA)—Beijing is striving for corn production of 1.32 billion kg in 1990, "The Year of Corn" set by the Beijing Municipal Government.

According to an official of the agriculture bureau, the area sown to corn in Beijing's suburbs this year has expanded to 220,000 hectares, 32,600 hectares more than last year.

The area sown to corn in Beijing's rural areas accounts for 48 percent of the total used for grain production and corn output accounts for about half of the total grain output.

In an attempt to increase the per hectare yield of corn from the usual 2.58 tons to three tons, the municipal government has urged increased use of chemical fertilizer and plastic sheeting and the popular use of new strains.

Gansu Crop Area

40060049B Lanzhou GANSU RIBAO in Chinese
28 Apr 90 p 1

[Summary] In 1990 the planned corn area in Gansu is 4.5 million mu, potatoe area 4.3 million mu, and the sorghum area 500,000 mu, an increase of 200,000 mu over 1989.

Guangxi Completes Record Sugar Purchase

OW1705070490 Beijing XINHUA in English
0954 GMT 15 May 90

[Text] Nanning, May 15 (XINHUA)—The Guangxi Zhuang Autonomous Region has purchased more than one million tons of sugar in the 1989-90 sugar cane pressing season, 100,000 tons more than last season and ranks first in the country.

Guangxi is China's key cane sugar production base.

A local official attributed the bumper crop to efforts made to mobilize farmers' enthusiasm by implementing preferential policies and raising the purchase price of sugar cane.

It is learned that the region turned out 1.27 million tons of cane sugar during the sugar cane pressing season, up 10 percent over the previous season.

Hebei Adopts Measures To Ease Hog-Selling Problems

90CE0066B Beijing NONGMIN RIBAO in Chinese
7 Mar 90 p 2

[Text] Faced with the current sales slump on the hog market, a large drop in prices, and the affect this has had on the enthusiasm of the peasants to raise hogs, the

commercial departments in the various localities of Hebei Province have taken measures that have markedly alleviated the problem the peasants have had selling hogs and in some areas hog prices have begun to rise.

With hog buying entering its busy season, the volume of live hogs and pork coming on the market in various Hebei localities is rapidly increasing. At the same time, prices have gone into a noticeable slide, and a great many peasants are complaining incessantly about their difficulty in selling hogs. From December 1989 to January 1990, the average purchase price of live hogs in Hebei dropped from 3.20 and 3.60 yuan per kilo to 2.92 yuan, and in some counties it dropped to 2.30 yuan per kilo, greatly lower than the normal average hog to grain price ratio of 1:5. In many areas, sows are not being retained and young hogs are being sold off in large numbers. The price of young hogs in the province has dropped from 3.12 yuan per kilo in the first part of November 1989 to 2.20 yuan.

To alleviate the contradiction between production and sales and safeguard the development of the hog-raising industry, Hebei commercial departments have taken a series of measures to increase revenue and expand sales. They have expanded local sales, increased reserves, signed advance purchase agreements, and cleared the way for transferring purchases to other localities, thereby alleviating the difficulty in selling hog in a relatively short time. The provincial food company has assigned a quantity of pork to be processed and stored in the province by the four prefectures and cities of Hengshui, Shijiazhuang, Natai, and Dingzhou, where sales to the state are largely concentrated, and 20 food processing points, on the basis of their original reserves. To clear the way for transferring purchases to other localities, people have been sent a number of times to Beijing and Tianjin to consult with commercial departments about increasing the volume being sent to the two municipalities. The provincial commerce department has simultaneously asked that localities strictly put into effect protected prices for hog purchases.

Since the beginning of February, hog purchase prices in the regions of central and southern Hebei have already begun to rise and the difficulty in selling hogs has been markedly alleviated. The purchase price of hogs in the counties of Pingshan, Lingshou, and Xingtang has now risen from 1.40 yuan per kilo at the beginning of January to 1.80 and 1.85 yuan at the beginning of February. The price in Yuanshi County rose from 1.70 yuan to 1.95 yuan. At the country market in Hengshui City, the price of pork has risen from 4.40 yuan per kilo to 5 yuan, a hog to grain price ratio of above 1:5.

Financial Burdens Rise for Heilongjiang Peasants

90CE0066C Beijing NONGMIN RIBAO in Chinese
9 Mar 90 p 1

[Text] According to the results of a survey by the Heilongjiang provincial social and economic survey

team for rural areas, the financial burden of the Heilongjiang peasants continued to increase in 1989.

Based on a survey of 240 villages, the peasants' per capita expenses for all items in 1989 was 75.32 yuan, an increase of 7.49 yuan compared to 1988. Of this amount, 23.49 yuan was paid in taxes, a 13.1 percent increase compared to 1988. The per capita "two funds and one expense" (the accumulation fund, the welfare fund, and management expenses) retained by the collective was 28.34 yuan, a 2.2 percent increase compared to 1988. The township (town) overall planning fund was 12.61 yuan, an 12.5 percent increase compared to 1988. Other apportionments and penalties was 10.88 yuan per capita, a 33.3 percent increase compared with 1988.

It is worth noting that because of the effect of drought on agricultural production in Heilongjiang in 1989, peasant per capita net income dropped from 553.26 yuan in 1988 to 535.19 yuan, a decline of 18.07 yuan or 3.3 percent. Furthermore, the burdens of the peasants not only did not decline, they increased, and it is this increase in their financial burden on top of their decline in income that is worrisome.

The per capita burden for the peasants in Heilongjiang has now risen to 14.1 percent of their net income, compared to 12.3 percent in 1988. The per capita burden is 13.29 yuan greater when compared to what the State Council set forth in its circular on lessening the burden of the peasants in which it stated that per capita fees retained by the collective and overall planning fees generally should be held to within five percent of 1988 per capita net income. For the entire province, the burden comes to approximately 240 million yuan, and when other apportionments are added, it comes to approximately 440 million yuan.

Hubei Publicizes 25 Crop Improvement Techniques

90OH0472A Wuhan HUBEI NONGYE KEXUE
[HUBEI AGRICULTURAL SCIENCES] in Chinese
No 1, 5 Jan 90 pp 1-2

[Article by Hubei Provincial Department of Animal Husbandry: "Hubei Province Animal Husbandry Industry To Accentuate Promotion and Demonstration Projects During 1990"]

[Excerpt] [passage omitted] Twenty-Five Techniques Suitable for Promotion Over Wide Areas

1. Promotion of hybrid paddy high yield growing techniques and fine strains was done on 17 million mu during 1989; during 1990, it will be expanded to 20 million mu.

2. Hybrid intermediate paddy aftergrowth high yield growing technique. In 1989, this technique was demonstrated on 500,000 mu; in 1990, demonstrations will be extended to 1 million mu.

3. Two stage paddy seedling, and dryland propagation paoji [2141 1376] growing technique. These techniques were promoted on 3.1 million mu in 1989, and will be extended to 4.5 million mu in 1990.

4. Plastic mulch growing technique for producing high corn yields in mountainous areas. This technique was spread to 700,000 mu in 1989, and will be extended to 1.1 million mu in 1990. Plastic mulch technique for growing and transplanting corn seedlings. This technique was promoted on 1.6 million mu in 1989, and will be extended to 2 million mu in 1990.

5. Three medium to late crops consisting of the growing in succession of two different crops in combination, wheat and another crop in combination, and a dryland crop, and alternatively the growing of two dryland crops as "ton grainfield" high yield growing techniques were promoted on 2.5 million mu in 1989, and will be extended to 3 million mu in 1990.

6. A new high yield growing technique using fine variety "821" rape was promoted on 4 million mu in 1989, and will be extended to 4.5 million mu in 1990.

7. Application of the growing in combination of sugarcane and an oil-bearing crop, and of high yield and high performance associated crop planting methods, such as raising in succession wheat, melons, and paddy; wheat, corn, and pulses; wheat, pulses, and corn; peanuts, and hybrid paddy; and paddy, duckweed [as green manure], and fish. This technique was promoted over 1.5 million mu in 1989, and is to be extended to 3 million mu in 1990.

8. Promotion of the growing of fine varieties of cotton. In 1989, Ejing No 1, and Ejing No 92 were promoted over 4 million mu. In 1990, they will be extended to 5 million mu. In 1989, Emian No 12 was promoted on 1 million mu, and in 1990 it will be extended to 1.2 million mu. In areas where the "two stuntings" is epidemic, disease-resistant variety Zhongmian No 12 will be planted.

9. Growing of cotton seedlings in pots for transplanting, and use of the plastic ground mulch technique. In 1989, this technique was promoted on 2.95 million mu, and will be extended to 5 million mu in 1990.

10. Rape autumn and winter sprouting technique. This technique was promoted on 3 million mu in 1989, and will be extended to 6 million mu during 1990.

11. Nitrogen, phosphate, and potash blended fertilizing technique. This technique was promoted on 55 million mu in 1989, and will be spread to 57 million mu in 1990, including the fertilization of 8 million mu using specific amounts of intermediate grade fertilizer.

12. Paddy field, high yield ridge culture growing technique. This technique was promoted on 630,000 mu during 1989, and will be extended to 800,000 mu in 1990.

13. Growing technique employing the return of stalks and stems to the fields. This technique, in which the stalks and stems are returned directly to the fields without mulching, was promoted on 1 million mu in 1989, and is to be extended to 5 million mu in 1990. Mulched stalks and stems were returned to 650,000 mu, and this technique will be extended to 5 million mu in 1990.

14. Application of trace element fertilizer. In 1989, this technique was promoted to 15.61 million mu, and it is to be extended to 20 million mu in 1990.

15. Multiple techniques for prevention and control of diseases, insect pests, weeds, and rodents affecting farm crops were promoted on 15 million mu in 1989, and they are to be extended to 25 million mu in 1990.

16. Techniques for the growing of fruit and mulberry trees that are short, compact, early-bearing, and produce bumper yields. These techniques were promoted on 600,000 mu in 1989, and are to be extended to 700,000 mu in 1990. During 1989, techniques to transform low yield orchards were promoted on 600,000 mu, and are to be extended to 1.1 million mu in 1990.

17. Fast growing, bumper yield tea plantation growing techniques were promoted on 50,000 mu during 1989, and are to be extended to 100,000 mu in 1990.

18. A technique for raising small silkworms together, and tri-molter silkworm technique were used to increase silkworm cocoon yields and quality in order to improve foreign exchange earnings from exports.

19. Associated production techniques combining improvement of the grasslands with the raising of herbivorous livestock were applied to 500,000 mu in 1989, and are to be extended to 600,000 mu during 1990. Fodder ammoniation and silage-making techniques were applied to the making of 3 million tons of cattle feed during 1989, and are to produce 5 million tons in 1990.

20. Cattle breeding using frozen semen was applied to 40,000 head during 1989, and is to be extended to 50,000 head during 1990.

21. Promotion of fine strains of livestock and poultry, and techniques for using hybrid heterosis. During 1989, the "four modernization" techniques for hog raising were applied throughout the province, and they are to be consolidated and improved during 1990. During 1990, economic hybridization techniques for chicken were promoted in 25 counties increasing the egg production rate by 25 percent.

22. Multiple techniques for the prevention and control of epidemic diseases among poultry and livestock. Livestock and poultry epidemic prevention improvements were promoted in 45 counties (and municipalities) during 1989, and are to be extended to 55 counties (or municipalities) during 1990. During 1989, demonstration points for production area quarantine were set up in 25 counties, and are to be extended to 40 counties in

1990. The new livestock and poultry vaccine spray immunization technique was promoted to 140,000 poultry during 1989, and is to be extended to 20 million during 1990.

23. New techniques for increasing cattle and hog weights. This consisted of multiple associated techniques such as the replacement of feed in liquid form with dry feeds, switching from unblended to blended feeds, the addition of additives to feed, and periodic deworming, which were used on 1 million head in 1989, and are to be extended to 3 million head in 1990.

24. Application of techniques to produce methane gas, and to use the liquid and detritus remaining, which were promoted among 80,000 households during 1989, and are to be extended to 180,000 households during 1990. Energy-saving techniques for curing tea, for flue-curing tobacco, and for use of furnaces in public organs were promoted at 8,000 sites during 1989, and are to be extended to 10,400 sites during 1990.

25. During 1989, 62 ecological agriculture sites covering 6.9 million mu were established. During 1990, the number is to be expanded to 100 sites covering 10 million mu. Paddy field retting of jute and ambari hemp was promoted on 170,000 mu during 1989, and is to be extended to 250,000 mu during 1990. [passage omitted]

Hunan Grain Procurement

40060048E Changsha HUNAN RIBAO in Chinese
20 Apr 90 p 1

[Summary] By the end of March, 1989 grain year (April 1989 to March 1990) Hunan Province procured 2.505 billion kilograms of grain at negotiated prices, an increase of 23 percent over 1988.

Jiangxi Completes Early Rice Transplanting

OW1405125190 Beijing XINHUA in English
1228 GMT 14 May 90

[Text] Nanchang, May 14 (XINHUA)—More than 1.48 million hectares of early rice seedlings have been transplanted in east China's Jiangxi Province.

In the first quarter, Jiangxi's farmers invested 730 million yuan (about 15.5 million U.S. dollars) in transplanting seedlings.

At the same time, the province's rural credit cooperatives granted agricultural credits of 560 million yuan (about 12 million U.S. dollars), a 67 percent increase over the same period last year.

Shandong Province Plants More Cotton

OW1505064890 Beijing XINHUA in English
0619 GMT 15 May 90

[Text] Beijing, May 15 (XINHUA)—Shandong Province, one of China's leading cotton producers, had sown cotton on 1.2 million ha by mid-May, the PEOPLE'S DAILY reported today.

Shandong's cotton output accounts for one-fourth of the country's total. The province plans to cultivate cotton on 1.4 million ha of land and harvest 11,000 tons of cotton this year, the paper reports.

To reach this goal, governments at all levels have signed contracts with cotton growers and offered them a series of preferential terms.

The provincial government has also sent 100,000 technicians to rural areas to help farmers solve problems in production.

Shanxi Invests in Seed Development Projects

40060048F Taiyuan SHANXI RIBAO in Chinese
18 Apr 90 p 1

[Summary] In 1990, Shanxi Province will invest 10 million yuan in seed development projects; total investment for seed development projects in nine counties is 5,630,000 yuan, and investment for seed development projects in commodity grain base counties is 3,730,000 yuan.

Sichuan Uses UN Aid To Promote Animal Husbandry

OW1705071490 Beijing XINHUA in English
1420 GMT 15 May 90

[Text] Chengdu, May 15 (XINHUA)—A program to develop animal husbandry with United Nations funds and experts has been implemented in Sichuan Province, the most populous province in China.

Meng Zhuqun, director of the program and president of the Southwest China Institute for Nationalities, said the United Nations Development Program (UNDP) has provided funds and the Food and Agriculture Organization of the United Nations (FAO) has sent experts for the program, which will help areas inhabited by ethnic minorities train personnel, adopt new technology and raise production levels.

Meng noted that northwest Sichuan is one of the five major pastoral areas in China. However, the degeneration of pastures, the low quality of livestock breeds and pests cause large losses of animals in winter.

Meng Zhuqun said that of the 648,000 U.S. dollars provided by the UNDP, 40 percent will be used to purchase equipment, fine strains of grass seeds and medicine and the rest will be spent to train personnel and send Chinese experts abroad and bring in FAO experts.

Five FAO experts along with microcomputers, mowers, drugs and fine strains of grass seed have already arrived in Sichuan.

China has invested in a laboratory and trained personnel for the program. The Southwest China Institute for Nationalities has also set up a 200-hectare pilot fenced

grassland with an ecological observation post, a water supply system, and a satellite ground station.

Yunnan Issues Circular on Agricultural Development

HK1505101190 Kunming Yunnan Provincial Service
in Mandarin 1000 GMT 13 May 90

[Text] The Yunnan Provincial People's Government recently issued a circular on developing agriculture by relying on science and technology with a view to strengthening comprehensive agricultural production capacity, and promoting sustained, steady, and coordinated agricultural development.

The circular said that it is necessary to extensively popularize and apply agriculture-oriented scientific and technological research achievements to large stretches of farmland. Between 1990 and 1995, Yunnan will popularize and apply some 30 agriculture-oriented technologies. The people's governments at all levels and all the departments concerned in Yunnan should make plans in this regard in light of their actual conditions.

Yunnan should make continued efforts to carry out agriculture-oriented scientific research. The Yunnan Provincial People's Government has decided that some 2 million yuan will be allocated each year to support agriculture-oriented scientific research.

Yunnan will also make efforts to further deepen reform and establish a system under which science and technology are regularly applied to agricultural production. Efforts should be made to strengthen leadership and management, explore new methods aimed at applying science and technology to agricultural production, mobilize the broad masses of peasants to apply science and technology, gradually develop commodity economy in the rural areas, and realize agricultural modernization.

The Yunnan Provincial People's Government has also decided to assign quotas regarding application of science and technology to various areas beginning this year.

Yunnan Expects Record Spring Grain Harvest

OW1705055490 Beijing XINHUA in English
0629 GMT 15 May 90

[Text] Beijing, May 15 (XINHUA)—Yunnan Province in southwest China is expected to harvest a record 1.55 billion kg of spring grain this year, the PEOPLE'S DAILY reported today.

It is learned that Yunnan has poured 115 million yuan (about 24.5 million U.S. dollars) into farm capital construction projects this year, up 35.75 million yuan (about 7.6 million U.S. dollars) over last year.

A local official noted that more than 20,000 scientists and cadres have been sent to rural areas to help the farmers this year.

Deng Xiaoping on Literature, Art Viewed Coolly
90ON0360A Hong Kong CHENG MING
[CONTENDING] in Chinese No 148, Feb 90 pp 81-83

[Article by Huai Bing (2037 0393): "Criticism of Deng Xiaoping's View of Literature and the Arts: Opposed to Creative Freedom, Serves Political Line"]

[Text] *In order to set off an upsurge of opposition to bourgeois liberalization, in October of last year, the CPC solemnly held a first publication ceremony for Deng Xiaoping Discusses Literature and the Arts at the Great Hall of the People. Hu Qiaomu [5170 0829 2606] and Deng Liqun [6772 0500 5028] both attended, but after more than two months, the reaction has been cool, and not even flattering articles have appeared.*

In China, where the CPC has a monopoly on power, the rulers can defy laws human and divine and do what they please, and even if their ability is limited (actually, everyone's ability is limited), they want to show their own omnipotence. They want to concern themselves with everything, have a hand in everything, and appear as if they were experts in every field. As a result, laymen lead experts, and policy swings back and forth. Deng Xiaoping's poking his nose into literature and the arts is no exception.

Knowledgeable persons within the CPC have long been aware of this, and have consequently tried to eliminate this kind of interference. This has become apparent in the course of publishing *Deng Xiaoping Discusses Literature and the Arts*.

According to WENYI BAO, Issue No. 43, 1989, at the time of the struggle against bourgeois liberalization in 1987, the Literature and Art Bureau of the CPC Propaganda Department edited *Deng Xiaoping Discusses Literature and the Arts* and, after the leadership of the Propaganda Department checked and approved it, it was sent to the Central Committee leadership to be checked and approved. Not long after, the manuscript was passed on to the office of director Bao Tong [7637 1749] of the CPC's Research Center for Reform of Political Structure. Mr. Bao believed that Deng Xiaoping said a lot about literature and the arts from the standpoint of politics, and little from the standpoint of art, and as a result the book did not come out. After the 4 June incident, the situation changed greatly. The Literature and Arts Bureau of the CPC Propaganda Department expanded the content of *Deng Xiaoping Discusses Literature and the Arts*, and the People's Literary Publishing House published the book in only a little over two months.

From the foregoing report we can see the following:

1. Open-minded people within the CPC, such as Bao Tong, the central figure in Zhao Ziyang's brain trust (but naturally not only Bao Tong) by no means believe that Deng Xiaoping is omnipotent. Mr. Deng has little understanding of literature and the arts, and the statement "he

says a lot about literature and the arts from the standpoint of politics, and little from the standpoint of art" is just a polite way of speaking. This is actually the first time since the founding of the PRC that anyone has dared to block publication of a book by a top leader, and the fact that Deng Xiaoping unexpectedly did not interfere in this also shows that he has considerable self-knowledge.

2. Deng Xiaoping's view of literature and the arts is a fire extinguisher that puts out the fire of literary and artistic creative freedom. Whenever creative freedom is flourishing, Deng Xiaoping always comes forth to pour cold water on it and strangle creative vitality. For just this reason, when bourgeois liberalization was being opposed in 1987, the CPC's Propaganda Department, led by Wang Ren [3769 1804], edited *Deng Xiaoping Discusses Literature and the Arts*, and afterward, because anti-liberalization encountered resistance, the book died in the womb. Until the recent suppression of the democratic movement, workers, coerced by the guns of extreme leftist elements, were made to work overtime to finish publication of this book. It can be clearly seen from this what the essence of Deng Xiaoping's idea of literature and the arts is.

Inheriting the Mantle of Lenin, Stalin, and Mao

All Communist Party leaders, beginning with Lenin, have firmly bound literature and the arts to the tank of politics, so that it becomes an appendage of the Communist Party and is reduced to being a slave of politics. In *The Party's Organization and the Party's Publications*, published in 1905, Lenin stated: "The writing profession should become part of proletarian undertakings, and become the 'gears and screws' of the huge socialist democratic machine set in motion by the vanguard of the whole consciousness of the entire working class. The writing profession should become a component part of the organized, planned, unified work of the Social Democratic Party (i.e., the Communist Party)." Stalin inherited this mantle, and began having the Communist Party use administrative orders to interfere directly in the creative activities of writers. Between 1946 and 1948, the Central Committee of the Soviet Communist Party passed a series of four draft resolutions concerning literature and the arts, including the 14 August 1946 "Provisions Concerning the Two Magazines, STAR and LENINGRAD," the 26 August 1946 Provisions Concerning Programs Performed in Theaters and Methods for Improving Them," the 4 September 1948 "Provisions Concerning the Film *A Great Life*," and the November 1948 "Provisions Concerning V. Muradeli's Opera *A Great Friendship*." The four draft resolutions are commonly called the "ideological issues resolutions." These resolutions interfered in literary creation with unprecedented wantonness with respect to choice of subject matter, ideological content, method of expression, and even artistic tastes. When Mao Zedong arrived, he advanced a step further on this foundation. Mao used literature and the arts as a tool for political struggle, and inhumanly destroyed the bodies and spirits of writers.

Literary inquisition-type domination pushed writers into an abyss of unprecedented misery.

Deng Xiaoping is regarded as a conservative CPC member, and he is naturally a successor of Lenin, Stalin, and Mao. Even though he is much more enlightened than Mao, he is absolutely unambiguous about demanding that literature and the arts serve politics. To clearly understand this, one need only read his most enlightened speech on literature and the arts: "Congratulatory Speech at the Fourth Representative Assembly of China's Literary and Artistic Workers" (30 October 1979).

This speech was made not long after the Third Plenary Session of the 11th CPC Central Committee. At that time, the writers and artists who had been deeply injured physically and affected mentally by Mao Zedong, Jiang Qing, and their ilk still harbored lingering fears and did not dare to create boldly. This speech by Deng Xiaoping was intended to encourage them to write courageously, and therefore it contained the following statement: "Within literary and artistic contingents, among literary and artistic workers of every type and every school, among comrades engaged in creation and those engaged in literary and artistic criticism, and among writers and artists and the vast multitude of readers, we must promote comradely, friendly discussion, and promote presentation of the facts and speaking the truth. We must allow criticism and counter criticism, adhere to the truth, and correct error." It also contained statements that misled people to believe that the CPC would henceforth renounce its hostility to literature and the arts: "The complicated mental labor of literature and the arts requires writers and artists to bring into play their individual creative spirit. The question of what to write and how to write it can only be explored and gradually resolved by writers and artists, through artistic practice. We must not flagrantly interfere in this area."

However, if only one carefully studies the speech in its entirety, one will discover that Deng Xiaoping has no intention of granting writers and artists creative freedom divorced from the political shackles of the CPC, and that even though he says he does not require that literature and the arts be subordinated to temporary, specific, direct political tasks, he constantly bears in mind that writers and artists should instill socialist ideas through their works. He even more clearly instructs writers and artists, in the ideological sphere, to wage a long, effective struggle against every kind of idea and custom that obstructs the four modernizations; they must criticize the effect of the thought of the exploiting class and the conservative, narrow psychology of small-scale production, criticize anarchism and extreme individualism, get rid of bureaucracy, and so forth. But while he says again and again that he wants literature and the arts to serve the four modernizations, this is really synonymous with serving politics. Actually, Deng Xiaoping stated in "The Present Situation and Mission" (a speech given at a meeting of cadres convened by the Central Committee

on 16 January 1980), "We adhere to the 'double hundred' policy and the 'three not's' principle (not to seize on people's shortcomings, not to put labels on people, and not to come down on people with a big stick), and will not continue to put forward the slogan that literature and the arts are subservient to politics... However, this is not to say that literature and the arts can be divorced from politics. Literature and the arts cannot be divorced from politics. Every progressive, revolutionary literary and artistic worker must consider the social effect of his work, and must consider the interests of the people, the interests of the state, and the interests of the party. (Note: In the dictatorial eyes of Deng Xiaoping, some are only "the interests of the party, that is, his private interests.)

If it merely called for literature and the arts to serve politics, Deng Xiaoping's literature and arts policy would not encounter such strong resistance from the people. However, with the exception of the above "congratulatory speech," Deng Xiaoping thereafter has constantly opposed writers and artists, and opposed creative freedom, and it appears that he will not stop until he has extinguished the flame of struggling for "creative freedom" in the hearts of writers and artists.

Opposing the Multitude of Writers and Artists

There are two articles that can best display Deng Xiaoping's determination to oppose the multitude of writers and artists: "A Discussion of Problems on the Ideological Front" (a discussion on 17 October 1981 with leaders of the CPC Propaganda Department) and "The Party's Pressing Tasks on the Organizational and Ideological Fronts" (a 12 January 1983 speech before the Second Plenary Session of the 12th CPC Central Committee). The former speech was made for the 1981 anti-liberalization campaign, and the latter for the late 1983-early 1984 anti-spiritual pollution campaign, and their emphasis is directed at literary and artistic circles.

In 1981, not long after the rise of the new principle of writing the truth, writers exposed various kinds of social corruption under CPC rule, causing the people to completely lose confidence in this autocratic regime. Rationally speaking, Deng Xiaoping should have stepped up political reform and urged those in power to practice self-examination. However, Deng Xiaoping was shamed into anger, and thought that Bai Hua's [4101 2901] *Bitter Love* and Ye Wenfu's [0673 2429 4395] speech at Beijing Teachers' University both "wanted to depart from the path of socialism, depart from the party's leadership, and carry out bourgeois liberalization," and had to be severely criticized.

By 1983, Marxism-Leninism and Mao Zedong Thought (including his view of literature and the arts) had completely fallen apart. The trend of thought of the modern Western school and its methods of literary and artistic expression evoked strong echoes in China, and turned a deaf ear to the so-called "serve the people, serve society" doctrine put forward by the CPC. Just as Deng Xiaoping

has said, they displayed indifference toward the socialist direction of literature and the arts, and lacked zeal for expressing and extolling the CPC's "revolutionary history" and the people's "outstanding achievements in fighting for socialist modernization." On the contrary, they enthusiastically wrote about the dark side of Chinese Communist society, openly declared that the highest purpose of literature and the arts was "self-expression," propagated the theory of human nature and humanitarianism, and made the alienation of man under socialist conditions a topic of their work. Faced with this situation in which thought had become open and the spirit of writers and artists had more room for activity, Deng Xiaoping became panic-stricken. He believed that "the harmfulness of this spiritual pollution was extremely great, enough to 'bring calamity to the country and the people.'" What he was really most worried about was that it could encourage people to "doubt and even deny the leadership of socialism and the party," while the heart of his lifeblood, the "four basic principles," was the "leadership of the socialist system and the party."

Cool Reaction to Deng Xiaoping Discusses Literature and the Arts

In order to set off an upsurge of opposition to bourgeois liberalization, on 26 October of last year, the CPC solemnly held a "first publication ceremony" for *Deng Xiaoping Discusses Literature and the Arts* at Beijing's Great Hall of the People. Attending the "first publication ceremony" were Li Ruihuan [2621 3843 3883], Hu Qiaomu, and Deng Liqun (the last two were the main figures who actively organized and edited this book in 1987). WENYI BAO reported that on 22-25 November, the Beijing Writers Association organized writers for concentrated study and discussion, and on 18 December the CPC Propaganda Department's Literature and Art Bureau and the People's Literary Publishing House jointly convened a theoretical discussion on *Deng Xiaoping Discusses Literature and the Arts*. CPC Propaganda Department Director Wang Renzhi [3769 1804 0037], Deputy Director He Jingzhi [6320 2417 0037], and State Newspaper Publishing Office Director Song Muwen [1345 2606 2429] attended the opening ceremony and gave an admonitory talk to their subordinates at the discussion. The book's editor, in a postscript, had denounced Bao Tong's statement that this book "talked a lot about literature and the arts from the standpoint of politics, but little from the standpoint of art," and stated in its defense that when Deng Xiaoping talked about literary and artistic issues, he discussed not only criticism, but also creation; and when he talked about literary and artistic creation, he discussed not only political ideological trends, but also subjects, characters, themes, plots, and even artistic techniques, and that he also often discussed the works of specific authors. But actually, how can the editor not understand that no matter what aspects of literature and the arts Deng Xiaoping was talking about, none of them could be divorced from politics? Naturally, he has discussed artistic technique,

and has stated that writers and artists must "constantly enrich and improve their own powers of artistic expression," and "should seriously study, absorb, blend, and develop everything good in old and new, Chinese and foreign artistic technique, and create a perfect art form with a national style and characteristics of the times." However, this is just a general statement, and by no means probes into artistic technique. Therefore, after making some obviously insincere statements, the editor had to admit that "as a leader of the party in power with respect to literature and the arts, he must pay special attention to political direction and ideological trends. And at the discussion, the participants unanimously stated that this book was a "powerful weapon for criticizing bourgeois liberalization and erroneous ideological trends of every description," clearly proving in every way that it was a knifeblade plunged into the hearts of writers and artists. Therefore, from the fact that it has already been over two months since the "first publication ceremony," and WENYI BAO, the official newspaper of the All-China Federation of Literary and Art Circles, has not yet printed a special article appraising it (naturally, in the future it will certainly knock together a few articles lavishing praise on it), one can gather the coolness of the reaction.

Mao Thought on Literature, Art Defended

90ON0449A Beijing WENYI LILUN YU PIPING
[THEORY AND CRITICISM OF LITERATURE AND ART] in Chinese No 1, 24 Jan 90 pp 7-11

[Article by Wang Liaoyi (3769 3598 3576): "Mao Zedong Thought on Literature and Art Certainly Must Be Upheld"]

[Text] For several years attacks on and defamations of Mao Zedong Thought on literature and art, particularly of the work *Talks at the Yanan Forum on Literature and Art*, have increased by I really don't know how much. At the least a part of it has been negated; at the most it has been totally negated; "today I go after it, and tomorrow you go after it." However, this is like the period of turmoil when, in the name of "intellectual circles," the ranks of demonstrators shouted the slogan "If you're not toppled, I'll come after you every day until you are." Facts prove that Mao Zedong Thought on literature and art has not been toppled, that it still exists, and that it is a sore point for them. History really "cannot be evaded." That the article "History Cannot Be Evaded" drew people's attention is, I think, precisely because it was published at an opportune moment in unusual times—a period of turmoil and counterrevolutionary rebellion. Its manifestations did not stop at its publication in WENXUE PINGLUN [LITERARY REVIEW]; it was an active pose struck by a front army of bourgeois liberalization on the front of literary studies. I do not intend here to discuss this thing, because we already have Comrade Zhang Jiong's [1728 3518] commentary. [Translations of the article "History Cannot Be Evaded" and Zhang Jiong's rebuttal were published in JPRS-CAR-90-039, 21 May 1990.] What interests me is its

"editor's note," in which there is this sentence: "We do not fear the shaking and loss of certain old ideas, concepts, and beliefs; we courageously explore and create new ideas, concepts, and theories." This is a manifesto. This kind of manifesto, which "does not fear" and also is "courageous" and blows its own trumpet, in reality is a manifesto representing a publication's director and issued by one "elite" of the "twelve gentlemen." A similar formulation is regularly on his lips and in his writings. Although what the bystander hears are clichés, there is a "new" part proclaiming that he (the self-styled "we") is not afraid to cast aside old "beliefs"! In the international macroclimate and in the domestic microclimate, this idea is very fashionable. Returning to what was said before, perhaps he really had such "beliefs." Twenty years ago he shouted "To rebel is justified" and "Down with He Qifang [0149 0366 5364]." Now, 20 years later, he says he has discovered a "He Qifang phenomenon", the reason is that politically there has been progress, but literature and art, on the contrary, are not good. As the years go by, in this position there is a consistency, but it seems to have a somewhat strong "academic flavor." Besides proving in theory the necessity of "tepid politics," through the hands of others he has manifested a "Liu restoration phenomenon." Comparing the two, the former is not as climactic as the latter. Indeed, as an old poem says: "In life there are the new and the old; neither the expensive nor the inexpensive excels," that is, the old must be inexpensive and the new must be expensive. However, has this man ever comprehensively studied He Qifang as the whole man? To be sure, He Qifang all his life was a man who vowed to adhere to his "old" beliefs, saying, "First of all I'm a Communist Party member, and second I'm a writer!" Of course, this position is not tolerated by someone who trims his sails and who curries favor opportunistically. Putting aside "politics" and just speaking of art, the poems and essays of He Qifang in his youth should be sufficient for the above-mentioned so-called "elite" art. Liu Xiwei [0491 6007 3262] (that is, Comrade Li Jianwu [2621 0256 0710]) at that time pointed out that He Qifang had been somewhat influenced by the Western symbolist poet Baudelaire. If we were to make a comparison with this elite's prose "art," wouldn't the latter, I'm afraid, not be as good? However, He Qifang, dutybound not to turn back, abandoned these things and resolutely threw himself into the great cause of the nation and the people, and did not "waver" under any difficult circumstance. He was honest and frank, and when alive he never accepted that kind of personality cult flattery that this "elite" did. After his death, people were asked to make eulogies over the corpse, but few people came forward to speak. Obviously, he had never used his fame, position, and power of office to form a clique to pursue selfish interests. As for academics, he sacrificed novel creation to take a literary research post and engage in arduous pioneering work. In the time left over from his busy administrative affairs, he worked hard late at night on academic research and writing. His achievements were solid, not superficial like those of the "elite." Among a small number of people in

the West, the "degree of fame" is probably higher for the latter, fortunately or unfortunately because of public opinion. Looking at the "elite" purely academically, we cannot say that he has not "originated" any "new theory." By himself he invented a "principle." He borrowed from philosophical circles a "theory" that a subject is a subject; from mathematics he came up with a concept of "indeterminancy"; and the most universal "fraternal love" and the deepest level of meaning was the deepest "subconscious"; and so forth. Whether it forms a system I don't know, but it made people feel it was of a wide variety. However, already there are many comrades who know what's what who point out the sources of his commodities, which are imprinted with the imported Fromm, Masur, and Freud trademarks. Don't think that he truly "believed" in Marxism; this was only a way of speaking to raise his social status in a certain climate. He is basically not a Marxist, so he "is not afraid" "to lose." In recent years he has also been busy with his "building of new branches of learning," and he wants to set up a fighting force for Western modernization on the literary research front that he occupies. A phenomenon worthy of attention, for example, is that he said: "This year is the year of the method, and next year will be the year of the concept," 1987 was "the year of Freud" and 1988 was "the year of Nicai," and similar statements. Unexpectedly he had hundreds at his beck and call. It is said that one of Freud's books was translated and published simultaneously by four publishing houses. Some people say that this is an "academic question," but how can it only be academic to publicize worship of the West, advocate subjective idealism and ultra-individualism, oppose the fine traditions of national culture and the fine traditions of revolutionary culture, and insult the working people as China's backward, conservative social base? Most likely it is regarded as a tributary of the bourgeois liberalization trend of thought, which is spreading unchecked. In general, we should not go to extremes. It is enough if our many workers in the theory of literature and art clear the mess up one time. The intent of "History Cannot Be Evaded" to completely negate Mao Zedong Thought on literature and art, in general, should be reckoned as one spindrift tossed up by this tributary.

We certainly must uphold Mao Zedong Thought on literature and art. In his speech on the 40th anniversary of National Day, Comrade Jiang Zemin called on us "to vigorously strengthen and improve work in the ideological domain" and "to use Marxism and socialist ideology to guide the work of theoretical, propaganda, education, news, publishing, literature, and art departments, and to occupy the ideological and cultural front and the public opinion front." This speech is our action program for the future. Mao Zedong Thought on literature and art is a component part of Mao Zedong Thought, which is the integration of the universal truth of Marxism-Leninism and the specific practice of the Chinese revolution. Over the past half century it has been upheld and practiced by the great number of revolutionary literature and art workers and literature and art theoretical workers, and

its successes cannot be ignored. However, for several years, because Mao Zedong Thought on literature and art has constantly been besieged, and some of its principles and tenets may be said to have been trampled upon, we have an obligation to restore it, although it is said that we did some work when opposing the distortions of the "left." In addition, under the influence of the "elite," for a time resorting to abstract, indeterminate concepts became an epidemic disease. Therefore, it is necessary for us to clarify the concepts. I think that Mao Zedong Thought on literature and art and "Mao Zedong's thought on literature and art" in reality are not the same. We say that Mao Zedong Thought is the crystallization of collective wisdom, and is the precious wealth of the party and the people. This is a scientific conclusion. In the CPC Central Committee's "Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC," there is a scientific definition of Mao Zedong Thought on literature and art. We do not deny that in his later years Comrade Mao Zedong made mistakes and issued mistaken instructions on literature and art, but some people, when writing conceptual articles, add the possessive "'s," thereby turning Mao Zedong Thought on literature and art, which is the crystallization of collective wisdom, into something completely individual. If it is said that Mao Zedong's course of thought as an individual can be studied, then their original meaning is also no exception. Because this is the case, they can fairly conveniently and fairly easily "overthrow" Mao Zedong himself and Mao Zedong Thought on literature and art, as well as the history of revolutionary literature and art, plus a large number of comrades who uphold Mao Zedong Thought on literature and art. In particular, the relationship between literature and art on the one hand and politics on the other in recent years has become the focal point of struggle. On this question it is even easier for them, in the name of "academics" and "exploration," to wantonly attack the revolution's politics, the party's policy on literature and art, and the party's leadership over literature and art. The article "History Cannot Be Evaded" is really a specimen. It makes us again hear the "new" harping on the same old tune of "do not mount aggression against literature and art." We know that what the *Talks at the Yanan Forum on Literature and Art* discussed was the fundamental questions of revolutionary literature and art, the characteristics of revolutionary literature and art, and the special laws of revolutionary literature and art; and it also discussed the fundamental questions of Marxist literature and art and Marxist science, not just "politics." That tells revolutionary literature and art workers: If you do not engage in revolution, then the most trustworthy thing you can do is to stand aside, and it is not necessary to "point at the East and speak of the West." Yes, the *Talks at the Yanan Forum on Literature and Art* discussed politics. It says that our politics are the politics of class and the politics of the masses, politics that come from the masses and go into the masses, politics that concentrate on the fundamental needs of the broad masses of people. Whom does this harm? Literature and art and politics

are two different things, but they are not two mutually antagonistic things. Our revolutionary literature and art are for the masses of people, and our revolutionary politics are for the masses of people; the two are consistent. Your *The River Dies Young*, and the "elite politics" served by the "peaceful evolution" policy of a small handful of anticommunist socialist forces—are they also consistent? Why do you evade this question? Also, the *Talks at the Yanan Forum on Literature and Art* discussed politics when talking about "intraparty relations." It demands only that the party members in literature and art work, including those who lead literature and art workers, do the party's stipulated task in a certain revolutionary period (for example, in the period of the War of Resistance Against Japan); it does not raise the slogan "serve politics," and even less does it raise the slogan "literature and art belong to politics." Why do they impose unwarranted things on the person of Mao Zedong? The rules conscientiously obeyed by party members are beyond reproach (only the "elite" think that it is a "loss of independent personality"). I see that in the "left's" mistakes of the past there was not, as there was in the case of Mao Zedong, a strict differentiation between those inside the party and those outside the party. Mao Zedong really talked about literature and art in the "contemporary world," but his "contemporary" was the "contemporary" at that time. In the world then there was a world war between the fascist and antifascist forces, and there was fascist literature and art and also antifascist literature and art. In China's "Kuomintang-ruled areas" progressive literature and art were just striving for democratic rights in the resistance to Japan. Wasn't this because there existed then reactionary politics and a reactionary political line? Not speaking of other countries and only speaking of the United States, didn't the book *Winds of War*, published there after the war, support President Roosevelt's political line? When the author came to China on a visit, he expressed approval of Mao Zedong's "literature and art for the masses." But the author of "History Cannot Be Evaded" rebuked our being for the masses for making the masses "deeply grateful" with the idea of buying popular feeling. Wasn't this taking a political stand in opposition to our literature and art?

We correctly set in order the relationship between literature and art on the one hand and politics on the other, insist that literature and art cannot be separated from politics, and also do not recognize that there is any such thing as pure literature and art or any "pure academics" that advocates pure literature and art. Actually they have an extremely strong political flavor. However, we must see that the "pure academics" advocating pure literature and art really has a market, and over the past several years it has really confused many people. It not only "dilutes politics," but also opposes the social nature of literature and art. In the past several years there has appeared the "theory of the withering away of ideology," and the social ideology of literature and art is denied. This theory denies a basic tenet of Marxism-Leninism as expounded by Mao Zedong: "Works of literature and

art, which are conceptual forms, are the reflected products in mankind's head of a certain social life." In their view, man is not a social man, man's head does not have a social consciousness, and man has no connection with social life. Only that subject with biological skills as its noumenon is able to create everything, and the dialectical materialist theory of reflection is a "mechanical theory." Actually, this is nothing more than preparing the public for the "new trend of thought" of the "self-expression of Western modernization" and of themselves. Moreover, they flaunt the banner of "exploring the specific laws of literature and art," and put on airs that only they have understood and mastered the specific laws of literature and art. What are some of their achievements? Even the "combination principle" created by the "elite," if written according to their prescription, can only be writings about those figures who have a dual personality or a split personality, or who are schizophrenic. However, even more of their concepts are imported concepts, particularly the uncommon concepts and even the correct concepts. They use the fancy phrases that these concepts are loaded with to "combine" them into so-called academic theses that become more abstruse and more difficult to understand the more they are written, seemingly raising their academic value, which is truly difficult for the short-sighted "officials in charge of the examination." The use by the author of "History Cannot Be Evaded" of an "aesthetic nature" to "submerge" everything and "overthrow" everything was also a "magical effect" of abstract concepts. The *Talks at the Yanan Forum on Literature and Art* of nearly half a century ago made and exposition and proof of the dialectical materialist branch of learning concerning the beauty of life and the beauty of literature and art. Even now in fine arts studies the *Talks* are still of guiding significance. On the contrary, they are not like that person's "aesthetics" of the "avant garde," which under the signboard of "aesthetics" is constantly borne in mind. That is truly the biggest joke in the world, "an ant trying to topple a giant tree—ridiculously overrating its own strength." In brief, we do not admit that the "nature" of this "aesthetics" is "pure."

Opposing bourgeois liberalization is our long-term task, and upholding Marxism-Leninism's and Mao Zedong Thought's occupation of the literature and art front is also a long-term task of our literature and art theoretical workers. Mao Zedong Thought on literature and art cannot be separated from the entire system of Marxism-Leninism-Mao Zedong Thought. Therefore, we must further and constantly integrate the reality of changing developments with the study of Marxism-Leninism-Mao Zedong Thought. As Comrade Zhou Enlai said, "Live until you are old, learn until you are old." However, that kind of person calls Marxism-Leninism-Mao Zedong Thought "dogmatism," and calls people who uphold Marxism-Leninism-Mao Zedong Thought "conservative" and "ossified." In fact, that kind of people advocate the West's dogmatism of "total Westernization," and they themselves are diehards who obstinately uphold bourgeois liberalization. They are very much like

the foreign compradors and "bosses of foreign firms" of bygone days, and also like the "upright plates in the British mission" as Lao She put it in his writings. We oppose two kinds of dogmatism: One kind uses a dogmatic attitude in approaching Marxism-Leninism; the other kind is the West's dogmatism. The two kinds both copy and indiscriminately imitate. Some people, because it is "outmoded" and not very popular here, copy and indiscriminately imitate it there, in any case making trendiness and popularity a principle. Over the past several years there has been a tendency to talk idly about "development" and to talk glibly about "development" in Marxism-Leninism, and some people have bragged that they are the "ones who have the will to develop Marxism." In their eyes it seems as if, from Marx to Lenin, to Mao Zedong, to Deng Xiaoping—the older generation of proletarian revolutionary leaders—there has been no development and we must wait for them to come and "develop" it. Comrade Li Ruihuan said it well: "Marxism is a developed science. When we talk about development, we mean applying Marxism—this powerful spiritual weapon for understanding the world and changing the world—and by constantly integrating it with changing reality, explaining and solving new problems. In a certain sense, integration is application and integration is development. To sum up, refining and raising the integrated results to the level of rational understanding is in itself developing Marxism." Here, when speaking of raising to the level of rational understanding, I think the meaning is the developing and raising to the level of theory the laws of the development of objective things. The most recent typical case in point is Comrade Jiang Zemin's National Day speech, in which he summed up the experiences of the 40 years since the founding of the PRC, especially stressing and summing up the experiences of the past 10 years in solving, in the period of reform and opening up to the outside world, a series of new problems in the building of socialism. It not only improved our understanding of socialism with distinctive Chinese features, but also further replenished and enriched the theory of the initial stage of socialism. Isn't this development? Focusing on those who speak of "development," Comrade Li Ruihuan said, "Some people have not read the books of Marx and Lenin, and they don't even understand the rudimentary knowledge of Marxism. In vain they attempt to apply indiscriminately some bourgeois theories to negate Marxism, thereby revealing only their presumptuousness and ignorance." This criticism hits the nail on the head. There is no need to say anything more. In our study of Marxism-Leninism-Mao Zedong Thought, we must first of all integrate study with reality and better learn philosophy. However, in this respect there are many obstacles put up by the "elites" of philosophy, and we must remove these obstacles in order to advance. In recent years, to prepare public opinion for turmoil, in all ideological departments this kind of people have escalated to the highest degree their attacks on Marxism-Leninism-Mao Zedong Thought, even bringing in intact the argument of the past made by the Kuomintang reactionaries that "communism does

not suit China." The slighting and abusing of Comrade Mao Zedong has reached such a frenzied degree that it makes us think of the actions of the "anti-Mao group" set up in Xian by Hu Zongnan, who at that time also accepted traitors in the Communist Party. Now, facts prove that their objective in concentrating their spearheads on the late revolutionary leader is to "point at the mulberry and abuse the locust"—point at one, but abuse another—abusing the "governmental rule of the elders," that is, the so-called "overthrow Deng and defend Zhao." At the same time, they curse democratic centralism, curse the people's democratic dictatorship, and curse the party's leaders. Mao Zedong's writings must correct the understanding of the revolutionary leader. Lenin's thesis on the "mutual relationship between leaders, political parties, classes, and masses" is still our unshakable principle. Here, what I want to add is that Mao Zedong Thought on literature and art has also been developed. After the founding of the PRC, Comrade Zhou Enlai was put in charge of literature and art work, and he specifically applied and developed Mao Zedong Thought on literature and art in his book *Zhou Enlai on Literature and Art*. Now the book *Deng Xiaoping on Literature and Art* has also been published. I think that Comrade Deng Xiaoping has made contributions to Mao Zedong Thought on literature and art in at least the following three aspects: 1) In the new historical period he reaffirmed the historical position of Mao Zedong Thought, and at the same time affirmed the historical position of Mao Zedong Thought on literature and art. 2) He pointed out that there must be a "comprehensive and accurate understanding of Mao Zedong Thought, which is of important guiding significance for the methodology in studying Mao Zedong Thought on literature and art. 3) He put forward a program for literature and art in the new period, namely, his "Congratulatory Speech at the Fourth Congress of Chinese Literature and Art Workers." In addition, he has made many expositions on specific questions on literature and art. Through reading the *Selected Works of Deng Xiaoping*, we can study how to carry on and develop Mao Zedong Thought, how his theoretical writings became a component part of Mao Zedong Thought, which will be a very big help in understanding his thought on literature and art, and which can raise the level of understanding Marxism-Leninism-Mao Zedong Thought and the level of understanding literature and art theory.

Finally, I want to talk about a fact, namely, in the past several years some of our comrades, when talking about Marxism, are said to speak in "platitudes." "This platitude!"—this is what Cao Wei in the Three Kingdoms period called what Deng Yang said. In the eighties of the 20th century, some people have taken an old saying of more than 1,700 years ago to ward off Marxism. Isn't this their own "platitude"! Many of our comrades, under this kind of scorn and ridicule, uphold Marxism-Leninism-Mao Zedong Thought.

(Compiled from a speech on 15 November 1989.)

Knowledge Called 'God' of Intellectuals

90ON0361A Hong Kong CHENG MING
[CONTENDING] in Chinese No 148, Feb 90 pp 71-73

[Article by Liu Xiaobo (0491 2556 3134): "Modern Chinese Intellectuals and Politics, Part IX"; Part VIII was published in JPRS-CAR-90-020, 14 Mar 90 pp 62-64]

[Text] (*The god of the intellectual is not power, money, morals, or the people—it is knowledge. The Chinese intellectual should dedicate his life to the independence, purity, and sacredness of "knowledge." The spiritual ancestor of the intellectual is not Qu Yuan. The intellectual's spiritual ancestors are such persons as Bruno and Wei Jingsheng who have spent years behind bars sacrificing themselves for the independence of "knowledge"...*)

(Continued from issue No. 146)

Although the reforms that came after the Cultural Revolution altered the Chinese people's views about "knowledge" and "intellectuals," the idea put forward by Marxism-Leninism and Mao Zedong Thought that the proletariat should leave everything remained unchanged. Not only did the ignorant masses at the lowest levels not abandon the view that workers and peasants should be on the top, but the idea remained in the minds of those in the highest echelons of power, as well as in the minds of the intellectuals themselves. While advancing the slogan of "respect knowledge and respect talent," Deng Xiaoping also offered his famous view that "the intellectual is one part of the proletariat." This view brought grateful tears to the eyes of intellectuals who had suffered disgrace under the "stinking old nine" policy. This is the fatal distinction in China concerning knowledge and the intellectual—the intellectuals, to say nothing of the leaders, dare not entertain the hope that they can obtain an independent position of self-determination divorced from political power and the grassroots masses. They dare not think about "knowledge rising above power and everything else." The Chinese intellectual still has two gods lurking above him—political power and the working masses. Does not Mao Zedong's exhortation to "serve the people" remain the highest edict obeyed by the Chinese intellectual? Has not Liu Binyan [0491 6333 7159] stressed repeatedly in his talks that he owes numerous debts to the masses? Do not Chinese writers still create works that are all-out attempts to glorify the lofty and noble sentiments of the ignorant masses? In this sort of a society, the independent position of knowledge and the intellectual is light years away from being established, the independent value of knowledge can hardly be acknowledged, and the class nature of science and the intellectual can never be done away with. Labeling knowledge and the intellectual as belonging to a certain class (the proletariat) is the same as wrapping up the independent wisdom of the intellectual in chains. Is it the same as saying that the intellectual will always have to belong to a particular social class in order to exist? Are we not seeing a continuation of the Confucian tradition whereby the

intellectual acts as a tool for the politician? Regardless of which class the intellectual belongs to, if he never belongs to himself, then he will forever remain a prisoner of politics. Currently, not only have reforms in China slowed to a snail's pace, but we are even seeing signs that the reforms are a complete failure. However, in a nation where people believe in Marxism and economics is the determining factor, the people are experiencing an extraordinary number of economic failures and the concomitant cases of political corruption. But, it is my view that one of the greatest failures of the reforms has been the devaluation of knowledge (which is at least as severe as the economic failures and political corruption). There are at least five areas wherein we may find indications of the devaluation of knowledge. First, the children of peasants and individual households are flocking away from the schoolhouse in order to help their parents make money and run businesses. During the Cultural Revolution it was common to hear that "book study is useless." With today's reforms we are witnessing a revival of this motto. It seems that in China the value placed on knowledge can never measure up to the value placed on political power or economic wealth. Second, young university students are exhibiting strong propensities to go into politics or business after graduating. They are no longer willing to follow their professors and lead shabby and miserable lives. It is now popular to utter the following phrase while poking fun at the intellectual: "As poor as a professor and as stupid as a Ph.D." If, in the years to come, the youth of China continue in their apathy toward the search for knowledge, then the result will be a reemergence of the "cultural desert" that we saw during the Cultural Revolution. Third, a related issue is that many intellectuals who have already moved out into society are abandoning their specialties which they have worked hard to research and which are just starting to bear fruit and are instead getting involved in economic adventures. For the modern Chinese intellectual, the hottest topics of discussion are commercial and business topics. Many intellectuals dream of nothing more than becoming a general manager. What we are seeing is a large group of talented persons leaving the intellectual arena in favor of other business. This will inevitably lead to even greater impoverishment in the intellectual community. If we grasp as a single phenomenon the fact that elementary school students are leaving school, university graduates are going into politics and business, and middle-aged intellectuals have left or are leaving the intellectual arena, as well as the fact that all of the aforementioned persons are indifferent toward the search for knowledge, then we can see that several generations of Chinese are going to be intellectually impoverished. By trying to achieve modernization while relying on impoverished intellects, are we not going to replay the tragedy of the ignorant masses in power? I really never expected that the result of the Chinese intellectual's freeing himself from politics would be that he still has not established the independent value and position of knowledge, but rather, that economic adventures would be the wave of interest. This phenomenon reminds one a bit of the flourishing commercial times of the Song, Yuan, and

Ming dynasties. In those days many top-notch Confucian scholars gave up their studies of Confucius in favor of making money. Some would say that this phenomenon is the ancient Chinese seed of capitalism. However, without the existence of an independent intelligentsia, capitalism can never be achieved. A developed modern society is not merely one that is based on commerce. To have a developed modern society it is more important that knowledge be developed. Without knowledge, commerce will sooner or later fail. Fourth, comparatively speaking, intellectuals now have a much lower standard of living vis-a-vis society as a whole than they did before the Cultural Revolution. Prior to the Cultural Revolution, an entry-level professor earned 360 renminbi per month. Today the top wage earned by a professor is 260 renminbi per month. And, if we take into account the higher commodity prices caused by inflation, then we can see that today our intellectuals earn less than one-fifth of the amount they did before the Cultural Revolution! How can this sort of economic position create a mood of "respecting knowledge and respecting talent" in society? Fifth, publishers of cultural materials face numerous problems because of soaring paper prices and the descent of the people's values into things of an economic nature. In a nation with a billion people, where publication of academic works is on the decline, not only do publishers refrain from printing money-losing academic works, but more and more readers are indicating that they are indifferent to academic works. This is an abnormal social phenomenon—with reforms everything has become cast in terms of its commodity value, and only the value of things connected to learning has gone down. In a society functioning with circulatory exchanges, if learning is not made into a commodity then it cannot enter into market circulation, and the knowledge becomes the private misery of the scholar. This may be privatization of knowledge, but it keeps knowledge out of commodity circulation, knowledge is not allowed to play its role as a societal value, and the cost is that knowledge becomes a dead material. Is this not frightening?

China's reforms started off with "respect knowledge and respect talent," but it looks as if they will end with "the devaluation of knowledge" and "book study is useless." This is similar to how we began with "develop the economy" and "reform the political system," and how we are ending up with "economic decline" and "political corruption" as a result. The reason for "the devaluation of knowledge," "economic decline," and "political corruption" is that we have been led by the ignorant dictatorship of the proletariat.

On the surface it seems that a lowered economic position is the cause of "the devaluation of knowledge" and "the lowered social position of the intellectual." However, at a deeper level the causes are policies for ruling the nation that look to economic determinants, that proclaim worker and peasant sovereignty, and that do not allow the intellectual to exist independently of others. In a society that follows the principle that everything should

be determined based on economics, the rulers' reforms will always be determined primarily by economics. In a society founded on the dictatorship of the proletariat, the rulers can only pass on certain rights of comparative independence to the workers and peasants. In a society that does not view the intellectual as a freestanding entity separate from others, the intellectual will never gain any rights. If we add to this the fact that the dictator lives in dread of the maverick mind of the intellectual, then the result is that the intellectual is the first opponent to be dealt with. The above-mentioned points are what caused the lopsided inequalities we see in the reforms. Restoration of the economy demanded that power be disbursed downward and that entrepreneurs be given relative powers of self-determination. So, the power of self-determination was given to certain entrepreneurial units, but none went to the intellectual. Ignorant peasants can contract for production and make their businesses rich, and uncultured individuals can independently run their own businesses and make tens of thousands of yuan each month. But not one intellectual has the freedom to think and to speak independently. This creates inequalities of rights and opportunities in societal competition. On the one hand, individual households and managers can employ the relative powers of self-determination and private ownership that they enjoy in the economic arena to make money. On the other hand, the intellectual, without powers of self-determination and private ownership in the intellectual arena, has no power to participate in the competition. Those who rely on products and commodities can participate in competition, but those who rely on knowledge cannot. The only thing that can happen is that the former will become richer and the latter poorer. Furthermore, if we look at those "corrupt officials" who have political connections and whose political power translates directly into powers of economic self-determination and private ownership, we find that they make money with amazing alacrity. A capitalist operating in a capitalist system would have to feel like small potatoes when he looked at how fast these "corrupt officials" operating in a socialist system made money and how much self-determination and private ownership power they enjoyed. In other words, during reforms, the power strata of society can directly convert their political power in an unconstrained way into powers of economic self-determination and private property ownership, and the powerless in society can take advantage of the relative powers of economic self-determination and private property ownership bestowed upon them by liberalized reforms. It is only the intellectual who has no power of self-determination or private ownership that would allow him to make his living with his knowledge. As a result, those at the top with the power get filthy rich in numerous ways, those at the bottom without knowledge get to earn small amounts through hard work, and it is only the intellectual who can make no money. And, in fact, the intellectual even has to turn over a portion of his measly speaking fees and book royalties to the higher

authorities. Under reforms of this sort, how is it not possible for intellectuals and knowledge to become devalued?

Because intellectuals have not received any powers of self-determination or private ownership from the reforms, any improvements in the life of the intellectual must await the charity of the despot (the state) in the form of higher wages. However, in a despotic political system where the workers and the peasants are pronounced the leading class of the nation, and in the culture where the highest human value is "to serve the people," who would dare pay the intellectual a high salary? Who would be willing to pay the intellectual a high salary?! This is a question of political principles and government proclivity. No one can take the political risk of blaspheming and being dishonest toward god (the worker and peasant masses) in order to win greater material benefits for the intellectual. Moreover, the workers, as the hosts of the nation, can go on strike and hold demonstrations to get their message to the rulers, and no one is willing to take responsibility for the ensuring societal chaos. In China, when the intellectual (university students) holds demonstrations to win democracy and freedom, he is repressed and labeled a "follower of bourgeois liberalization." But, when the workers go on strike and hold demonstrations to gain greater private benefits for themselves and to protest higher wages for intellectuals, they usually end up with greater economic benefits. Is this not a classical manifestation in modern China of the Confucian idea that because the people are "basic," they have the ability "to both push the applecart, and turn it over." When the workers and peasants are not happy they are placated, persuaded, and bribed, but when the intellectual protests he is repressed, jailed, and expelled from both the party and government employment. The proponents of reforms believe that once the ignorant workers and peasants are given powers of self-determination we will see an economic miracle. However, they believe even more strongly that if intellectuals were to be given powers of self-determination, then the power of the despotic system of government would be seriously threatened. Thus, whenever intellectuals are given a little more freedom to speak, various means must be used to keep them in line. The "eradication of spiritual pollution" and "anti-bourgeois liberalization" campaigns were directed primarily at intellectuals with intuitive knowledge and literary or artistic talent. In a society like this, although certain members of the ruling class would like to look after the interests of the intellectuals, they have no way to achieve this. And it goes without saying that they are not going to give up their positions in support of the intellectual.

Thus, there is no way that the Chinese intellectual can entrust any other political force in society with his hope to gain freedom from the millennia-old fate of slavery. And he cannot place his hope on the shoulders of the enlightened ruler. The only one he can depend on is himself. Indeed, in China, the intellectual has less power

than a politician and less money than a manager, an individual household entrepreneur, and even a worker or a well-off peasant. However, the intellectual has the most valuable asset and the most potent power known to the world. He has knowledge. With this kind of power and wealth, what reason or excuse is there for the intellectual to be meek and subservient, or to repent his sins? "Knowledge is power." Aside from relying on his own knowledge, the intellectual has nothing else in his possession that he can rely on. Aside from the power to grasp knowledge in his fist, the intellectual has no other power.

Except for God who exists in the other world, the intellectual is the highest being in the universe. Although when compared with the transcendence of God the intellectual is only a limited, corporeal man who has no way to reach heaven or the other shore or to stand on an equal footing with God, although, when we face God, when we face that ultimate transcendental value, we feel ashamed of ourselves, still, despite the fact that we have knowledge, it is paltry, negligible, and petty and we can only repent, atone for our sins, engage in introspection, pray, and await God's revelation with pious love and faith, and can only discover our ignorance, limitations, and sinfulness in God's revelation and can only struggle in our souls and in our spirits to overcome ourselves. Still, in relations among men, the intellectual, as a possessor of pure knowledge and great power, is fully capable and fully deserving of standing on an equal footing with the hordes of rich men in society. Among men, if there is still a god, then the god worshipped by the intellectual is not the god of power, wealth, morality, or the masses, but is the god of knowledge. By relying on knowledge, we have independence, rights, power, and freedom. We have the right to criticize every force that would oppose us, including ourselves. We have the right to resist every force that would repress knowledge, and that too includes ourselves. All who stand opposed to us are our enemies, and that too includes ourselves.

The whole of the intellectual's capital, power, value, and life springs from knowledge. If we lose our knowledge, we lose everything. In Chinese society, where knowledge has no independent value, and where the people have polluted "knowledge" with politics, money, morality, and ignorance, the Chinese intellectual should dedicate his life to the independence, purity, and sacredness of "knowledge." I do not mean dying in order to become the rule, dying for a good cause or for riches, or dying to become a member of the ignorant masses. I mean dying to become knowledgeable. Qu Yuan was a Chinese intellectual who died for good government. Bruno was a Western intellectual who died for knowledge. Though I am Chinese, I am above all else an intellectual, and thus, my spiritual ancestor is not Qu Yuan but, rather, is Bruno. Intellectuals must band together, and with the devotional spirit of Christ shouldering the cross of his bloody body, must undertake the cost of opposing all enemies of the intellectual, particularly despotism and ignorance, so as to honor the blood shed by Bruno and

the exile of Trosyevsky, so as to never again become the huge beetle Kafka referred to, so as to honor the many years such persons as Wei Jingsheng have spent behind bars, so as to bring about the independence, purity, and sacredness of "knowledge," and so as to gain the freedom of speech and publication.

(To be continued.)

Widespread Graft, Bribery Exhibit New Traits

90CM0085A Beijing JINGJI RIBAO in Chinese
22 Mar 90 p 3

[Text] In 1989, procuratorial organs nationwide investigated and formally recorded 56,000 graft and bribery criminal cases, a 1.79-fold increase compared with 1988. Of these, there were 12,000 cases involving 10,000 yuan or more, a 5.9-fold increase compared with 1988. There were 865 major criminal cases involving county-level cadres and above, a 3.5-fold increase compared with 1988. Crimes of graft and bribery are not only running rampant, they are taking on new characteristics.

In the past, graft and bribery were confined mostly to the area of economic circulation. There were mainly five types of activity. 1) Taking advantage of special privileges to exploit the "dual-track" pricing system by selling at negotiated prices capital goods and scarce commodities in demand that were allocated by the state at parity price, and then skimming off the difference. 2) Using one's authority for authorizing sales to openly or secretly bribe units with urgent production needs or individuals with an urgent need to purchase something. 3) Demanding and receiving large bribes for authorizing the sale of products to enterprises, especially small collective enterprises and township and town enterprises, under the pretence of serving their need for raw materials. 4) Certain lawless elements trying to gain improper advantage by offering bribes to persons in charge who manage money and materials and who give approvals and have decisionmaking authority. 5) During purchase and sales activities, drawing on public funds under the guise of presenting the opposite party with "information fees," "percentage fees," and "benefit fees," and subsequently engaging in graft.

Judging from the graft and bribery cases investigated and dealt with in 1989, such activities in the area of economic circulation are extensive among party and government organs and among basic-level law enforcement departments. According to what is known, procuratorial organs in various localities investigated and formally recorded a group of graft and bribery cases involving city, county, and prefecture leaders and responsible persons in government bureaus, commissions, and offices. Some criminal elements were even deputies to the National People's Congress and members of its Standing Committee. They exploited the authority of their positions of responsibility to make allocations and issue approvals or took advantage of their positions and influence to exact bribes. According to reports from

various localities, graft and bribery cases were investigated and formally recorded in 28 bureaus and departments, including those involved in industry and commerce, taxes, water conservancy, agricultural machinery, meteorology, civil administration, land management, and birth control. In Heilongjiang's Mudanjiang City alone, the procuratorate during the first quarter of 1989 investigated and formally recorded 21 cases of party and government cadres involved in graft and bribery. The chief of the agricultural bureau in Guizhou's Nayong County, Luo Kexiang [5012 0344 4382], skimmed off more than 91,000 yuan in graft.

During the preceding several years, graft and bribery activities were relatively prevalent in banking, grains and edible oils, supply and marketing, trade establishments, and construction. In 1989, they were relatively prominent in railroads, forestry, coal, health education, plastics, and tobacco. They were especially serious in railroads and forestry. According to statistics, from January to October 1989 the railroad procuratorial organs investigated and formally recorded 131 graft and bribery cases involving "use of the railroad for personal gain." This accounts for 30 percent of the cases recorded. In Heilongjiang's Da Hinggan Ling Prefecture alone, from January to May 1989, the procuratorate investigated and formally recorded some 10 graft and bribery cases involving the "use of timber for personal gain." These accounted for 35 percent of the cases recorded.

On the basis of procuratorate statistics from 14 open cities and certain of the newly developed regions, compared to past years there was in 1989 a relatively large increase in the number of graft and bribery cases investigated and formally recorded in these areas. From January to November 1989, the Shenzhen City procuratorate investigated and formally recorded 180 cases of graft and bribery involving 216 persons, 1.6-fold and 1.5-fold increases, respectively, compared with 1988. According to statistics from the Heilongjiang provincial procuratorate, there were about 25 percent more cases of graft and bribery discovered in developed regions than there were in the undeveloped regions.

The situation we have described shows that graft and bribery are still very serious. Leaders at every level must continue to pay close attention to this and do a good job in their fight against it. They cannot relax in the least.

Efforts Ongoing To Internationalize Patent Law

*QW0905115290 Beijing XINHUA in English
0742 GMT 9 May 90*

["Roundup: China Adjusts to World Patent System"—XINHUA headline]

[Text] Beijing, May 9 (XINHUA)—Since China adopted a patent law in 1985, 458 patent offices employing nearly 5,000 patent agents have been established throughout

China. Patents have been granted for more than 39,000 Chinese and foreign inventions.

Chinese and foreign businessmen and inventors have shown particular concern about the protection of patent rights in China. According to Gao Lulin, head of China's patent office, the Chinese courts and patent offices have handled 419 suits over patent rights, and 197 have been settled.

"Settlement of suits over patent rights will help dispel the misgivings of foreign businessmen and inventors while doing business with China," Gao said.

There have been many complaints over infringements of foreign-owned logos and trademarks, including IBM, Mickey Mouse, Donald Duck, Goldlion and Silverlion.

Some of the cases have been successfully dealt with using administrative measures, such as confiscation and forfeiture, after complaints were lodged with the local administration for industry and commerce through a patent agency.

Foreign patents are handled by four patent agencies in China—China Patent Agent (Hong Kong) Ltd., the Patent Agency of the China Council for the Promotion of International Trade in Beijing, the Shanghai Patent Agency, and the NTD Patent Agency in Hong Kong.

According to Gao, the Patent Office of China has received more than 25,000 patent applications from 64 nations and regions since the patent law was introduced five years ago.

Applications have come from the United States, Japan, the Federal Republic of Germany, France, the Netherlands, and Britain.

Recent years have seen an increasing number of Western industries and enterprises sending applications to China's patent office. The top 10 foreign enterprises of 1989 include Dupont, Philips, Westinghouse, Takara Co. Ltd, Hitachi, Shell International Research, Mitsui Petrochemical Industries, Hoechst and Dresser Electric Machines.

Only a few Chinese inventors have applied for foreign patent rights. "This does not mean that China has no pioneering technology," Liu Gushu, president of the All China patent Agents Association, says, "but the inventors here are not familiar with or do not have enough foreign exchange to pay for the necessary procedures in another country."

China's legislators are now attempting to bring the five-year-old patent law into line with international practice. An amendment awaiting approval would extend the duration of patent rights from the present 15 years to 20 years.

The Chinese patent law has some distinctive features—utility models and designs can be patented along with inventions.

Brief View of South Sea Fleet

90ON0447A Hong Kong KUANG CHIAO CHING
[WIDE ANGLE] in Chinese No 209, 16 Feb 90 pp
20-23

[Article by Mao Wei (3029 5517) and Wang Guozhi (3076 0948 0037): "An Army Within an Army in the South China Sea—a Visit With Vice Admiral Gao Zhenjia, Commander of the Chinese Navy's South Sea Fleet"]

[Text] The vast and boundless South China Sea covers an area of 2,620,000 square kilometers, or the equivalent of 20 Guangdong provinces. It is one of the largest and deepest oceans in the world, and the ships of the Chinese Navy's South Sea Fleet have been patrolling this immense tract of maritime territory for many years now.

Meeting with Gao Zhenjia in Guangzhou

The predecessor of the South Sea Fleet—Guangdong's River Defense Forces—was born in Shamian, Guangzhou, on 15 December 1949. This fleet has been sailing through wind and rain for 40 years now. On the eve of the 1990 Lunar New Year, we interviewed Vice Admiral Gao Zhenjia [7559 2182 1367], who serves as deputy commander of the Chinese People's Liberation Army's (PLA) Guangzhou Military Region.

Part of China's First Generation of Submarine Commanders

The naval career of this highly experienced admiral began at virtually the same time that the Chinese Communist Navy was formed. Gao Zhenjia hails from Liaoning Province, Jin County. He joined the military after the victory in the War of Resistance Against Japan. He entered the Chinese Navy in 1950 to study, and received submarine training in Lushun from the Soviet Navy, becoming part of China's first generation of submarine commanders four years later. Beginning in the 1970's he served as deputy commander of the Chinese Navy, president of the Naval Submarine Academy, and political commissar of the Naval Command Academy. He has personally trained group after group of naval technicians and high-level naval commanding officers. When we asked about the history of the South Sea Fleet, Gao Zhenjia told us that when the South Sea Fleet had just been formed, part of its ships were merely refitted wooden gunships and others were worn-out old naval ships left behind by the Kuomintang (KMT) Navy. Even relying on this old, outdated equipment, though, the Chinese Communist South Sea Fleet liberated the Wanshan Islands. To honor this occasion, Mao Zedong wrote, "This is the first great feat in battle to be achieved by the people's Navy. We should praise it." In August 1965, Taiwan's KMT Navy used ships with U.S.-style equipment to carry out activities along the coast of the mainland. On the night of 6 August 1965, gunboats and torpedo boats from the South Sea Fleet carried out a coordinated attack and sank two KMT naval ships—a large submarine chaser (the Chien Men) and a small submarine chaser (the Chang Chiang)—which were

engaging in harassment along the coast of the mainland. In 1974, the South Sea Fleet set a precedent by achieving its first victory in combat with a foreign navy. This occurred during the "Operation of Self-Defense and Counterattack in the Paracel Islands," which received close scrutiny in China and abroad. During this battle, the officers and men of the South Sea Fleet sank one escort ship, and damaged three other ships (destroyers and escorts) belonging to the South Vietnamese authorities in Saigon. Immediately thereafter, in coordination with the Army and the militia, the South Sea Fleet recovered the islands in the Paracels which had been occupied by the South Vietnamese authorities in Saigon.

Acquiring Missiles, Electronics, and Automation

When he came to the subject of building up the South Sea Fleet, Gao Zhenjia excitedly told us that the South Sea Fleet of today has long since ceased to resemble its former self. In the early 1970's, new types of ships made in China began going into service in the South Sea Fleet. The fleet is now acquiring missiles, electronics, and automation. The South Sea Fleet, which in the past had only one-dimensional gunboats and torpedo boats, now has advanced guided-missile destroyers, guided-missile escorts, guided-missile fast attack craft, minesweepers, submarine chasers, and landing ships on the surface, as well as submarines. Operational weapons formerly consisted primarily of cannon and torpedoes, but they have been developed to the point where today they are composed primarily of guided missiles and rockets. Communications in the past could be guaranteed only for coastal operations, but various types of long- and short-wave communications networks now afford direct communications to fleets sailing in far corners of the Pacific.

In the 1980's, large rescue ships designed for deep-sea operation and general purpose supply ships have gone into service with the South Sea Fleet. Petroleum, oil, lubrication, and water supply ships and resupply equipment developed and manufactured in China can carry out vertical and horizontal resupply of either solids or liquids at any time of the day or night.

In 1980, a specially configured fleet traversed the island chains for the first time, crossed the equator, penetrated directly into the Pacific Ocean, sailed over 10,000 nautical miles, and together with its fellow forces, carried out escort and outpost observation duties for China's launch into the Pacific Ocean of a carrier rocket, an exercise which aroused great interest throughout the world. In recent years, the South Sea Fleet has organized its ships into various large fleets on several occasions to cruise the length and breadth of the vast maritime territory of the Spratly Islands. These fleets have carried out arduous training exercises and patrol duties over an area of 400,000 square kilometers. They have sailed tens of thousands of nautical miles and enforced China's sovereignty over the Spratly Islands.

The "Army Within an Army" in the Southern Seas

Admiral Gao Zhenjia proudly told us that China's 1st Marine Brigade, which has been praised as "an army within an army," belongs to the South Sea Fleet. Guided by the admiral, we visited this unit. It is an amphibious unit that is used primarily for landings and defense against landings. This crack unit has advanced equipment, good military quality, and formidable combat strength. It shows that the South Sea Fleet has raised its ability to carry out multiservice combined operations to a new level.

When we came to the subject of the Spratly Islands, the admiral took on a severe expression. No different than the Paracel Islands, the Macclesfield Bank, and the Pratas Islands, the Spratly Islands have always been Chinese territory. In spring 1988, the Central Military Commission of the Communist Party of China ordered the South Sea Fleet to dispatch ships to the Spratly Islands to carry out surveys and to build an international oceanic observatory for the sake of world peace. However, Vietnam, which has been pursuing a policy of regional hegemony for many years now, had occupied some of China's Spratly Islands. What was especially intolerable was that armed Vietnamese personnel forced their way onto China's Chiguajiao on 14 March 1988 and opened fire on Chinese surveyors who were carrying out their work. One Chinese man, Yang Zhiliang [2799 1807 0081], was injured. At that same time, Vietnamese ships anchored in the territorial waters of Chiguajiao fired their cannon at Chinese naval ships which were carrying out normal maritime patrol in the area. Having tolerated all they could, the Chinese officers and men of South Sea Fleet were forced to defend themselves by counterattacking. They sank two enemy ships, seriously damaged another, and captured nine prisoners, thus displaying the strength of the Chinese military and the Chinese nation, and defending China's territory and dignity.

In August 1989, an observation station was built on the People's Republic of China's island of Yongshujiao, in the Spratly Islands. This station is now providing the World Meteorological Organization with reliable, permanent data on the sea. When we spoke of the forces guarding the Spratly Islands, the admiral had a deep sense of pride in all the officers and men in the fleet. Commander Gao said that the Spratly Islands have great strategic importance, and their situation is complex. They are far from the mainland. Temperature and humidity are high year round. It is an environment fraught with rigors and hardships. Under these conditions, the officers and men have not only demonstrated a willingness to endure suffering, and a brave and heroic spirit; they have also showed a high level of alertness, strict organizational discipline, and a clear concept of political struggle. He said, "no matter where we go, our forces can be accurately called an army of iron; no matter what the circumstances, we always remember the great responsibility we bear for the Chinese people as we carry out the duties assigned us by our superiors."

The Military Strength of the South Sea Fleet Is Currently Being Bolstered

The Chinese Navy now has North, East, and South Sea Fleets, and a Naval Air Force. In recent years, the military strength of the South Sea Fleet has been increased because of extreme instability in the South China Sea. It has now basically been built into a sea-faring armed force capable of multiservice combined operations. It can protect fishing, fend off harassment, defend against invasion, and perform escort, patrol, and outpost observation duties. It is a relatively complete maritime defense system.

New Aircraft Help Modernize Military

90ON0447B Hong Kong KUANG CHIAO CHING
[WIDE ANGLE] in Chinese No 209, 16 Feb 90
pp 38-41

[Article by Ling Yu (0407 1342): "Unveiling the Secrets of the Chinese Communists' Most Advanced Operational Aircraft"]

[Text] Chinese Communists' B-7 Ground Attack Aircraft Soon To Appear

The Chinese Communist Air Force is now carrying out its plan to upgrade its aircraft. With the current policy of economic retrenchment, this plan will concentrate on two newly designed aircraft in order to meet the urgent modernization requirements of the military. One of them is a ground attack aircraft, and the other is a high-altitude fighter.

Top priority has been given to development of a ground attack aircraft. Senior Colonel Ge Wenyong [5514 2429 0516], a deputy chief of staff responsible for scientific research and development of equipment, revealed to reporters that this new model of attack craft may reach combat capability by 1992 or 1993 and will be used in the Air Force for ground attack and in the Naval Air Force for defending against and attacking ships.

The attack craft is called the B-7, and research and development is being carried out by the Xian Aircraft Company. The China National Aero-Technology Import and Export Corporation (CATIC) displayed a scale model of the B-7 at the Farnborough Air Show in England in 1989.

The B-7 is a two-seat shoulder-wing monoplane with a dual power plant. The wings are swept back at a medium angle and are angled slightly downward. The air intakes are at the wing roots, and offensive radar will probably be installed in the nose. From the model, it appears that the actual B-7 will be similar in dimensions to the Panavia Tornado fighter-bomber jointly developed by England, Germany, and Italy.

This Air Force senior colonel stated that the B-7 attack craft is an all new aircraft developed and manufactured entirely by China. It uses a conventional wing design rather than the wings with canards which has been

widely used in new aircraft abroad (such as England's EAP, France's Rafale (Squall), Israel's Lavi, and Sweden's JAS-39). Little use is made of composite materials, either. The B-7 will weigh 27 tons.

The Xian Aircraft Company has considered various power plants for use in the B-7, including the Shenyang WS-6, a high-thrust turbofan engine developed by the Chinese Communists themselves. The test prototype will be equipped with an engine that the Chinese Communists have copied from the Rolls Royce Spey, whose patent they purchased. The production model, however, may be equipped with a modified version of the high-thrust WP-7 engine. The B-7 uses a conventional flight-control system, and it is already being test flown.

The B-7 will be developed into an all-weather attack plane. In the performance of Air Force ground support duties, it can carry conventional bombs, unguided cluster rockets, and an air-to-ground guided missile about which nothing is known abroad at this time. When serving as an attack plane for the Navy, it can be equipped with an C-801 or a C-101 antiship missile (the latter is still being developed), a "Fish-2" aerial torpedo, and so on. The B-7 will also be the first operational aircraft to be equipped with wingtip missile launchers. These launchers will be used to carry the PL-series short-range air-to-air guided missile for use in close-range defense.

A New Type of Fighter Will Appear in the 21st Century

A new generation of fighters is now in the early development stage. The Chinese Communist Air Force authorities are now evaluating several programs and design blueprints. This Air Force senior colonel revealed that development work for the new fighter will begin in the early 1990's, and the aircraft is planned to enter service in the year 2000.

According to the colonel, the new fighter (hereafter referred to as the J-X) will have backswept wings and will have a wings with canards. This will afford the aircraft a high degree of maneuverability. The concept for the J-X at this time envisions a single-seat, single-engine fighter, but a dual-engine design is also being tested.

The single-engine J-X will be a 10- to 15-ton aircraft, will make use of composite materials, and will utilize an electronic control system. The aircraft's radar signature will be lowered, which is one of the measures that are being taken to raise the fighter's survival capability.

The Chinese Communists are presently racking their brains to choose an engine for the J-X. There originally were two plans. The first was to use an engine of an entirely new design, perhaps by copying one from a patent bought from the West. In May 1986, Yang Dezhi [2799 1779 1807], then chief of general staff, visited the United States and explored the possibility of buying the U.S.-made Pratt and Whitney PW-1120 turbofan engine. This is precisely the power plant used in Israel's Lavi fighter. However, negotiations to obtain the technology were dropped before they were ever officially begun. The second plan called for modification of

an engine made by the Chinese Communists themselves. They would increase its thrust, but the kind of engine technology for which the Chinese Communists have a relatively strong base is that for the turbojet, which is not as good as the turbofan engine.

Senior Colonel Ge Wenyong stated to a U.S. journalist that, "we want to be basically self-reliant in our development work for the new fighter, but we are searching for technological assistance abroad." He gave the example that "we are now cooperating with Grumman to modernize the J-8 II. We could complete our modernization program for this aircraft on our own, but it will go faster if we get assistance from a foreign partner."

"For this reason, we will be interested in cooperative projects for new fighters which are proposed by foreigners, especially as they involve engines and electronics."

However, according to the ASIAN WALL STREET JOURNAL, Beijing rejected an offer by Israel Aircraft Industries to cooperate with China in the development of a new Lavi fighter.

Plans for Upgrading Fighters Currently in Service

Among the firstline operational aircraft in the Chinese Communist Air Force, Shenyang's J-8 series is used for high-altitude interdiction/strike duties. The Shenyang/Chengdu J-7 series is used for medium- and low-altitude combat. The Nanchang Q-5 series is used for ground attack. The Xian H-6 is the main force in the Air Force's heavy bomber arsenal. All of these aircraft will be upgraded in order to extend their operational utility.

The Chinese Communists plan to spend \$550 million to have Grumman Corporation modernize its newest model in the J-8 series, the J-8 II, but this project has been temporarily shelved by the U.S. Government. It is reported that the Chinese Communists also intend to import the Aspid medium air-to-air guided missile from Italy, which is of the same class as the U.S. Sparrow. It will equip the J-8 II with these to increase its operational scope.

The project to upgrade the J-7 M into a Super-7 originally involved the cooperation of Grumman Corporation, but Grumman announced it was canceling its participation in the project because of the 4 June incident. Now the Chengdu Aircraft Corporation has independently developed the newest model in the J-series, the J-7 III, which has already gone into service.

The shape of the J-7 III is similar to that of the Soviet Union's MiG-21 MF Fishbed-J, but the interior may be equipped with some superior products that have been imported from the West in recent years, as well as new equipment developed by the Chinese Communists. The nose of this J-7 is equipped with a new type of radar, so the aircraft can be operated in any kind of weather. The underside of the fuselage has a double-barrel 23-mm gun, and the underwings can carry a total of four PL-series short-range air-to-air guided missiles.

The Chinese Communists are also cooperating with aircraft industries in the West to upgrade the Q-5 with advanced technology. They are cooperating with Italy on the Q-5 M, and with France on the Q-5 K, while the Chinese Communists themselves have developed a version known as the Q-5 III, which is equipped with a type of nose radar. We believe that this has been done to enable the aircraft to be equipped with air-to-ship guided missiles. (Such as the Yingji missile), and that the radar will be used to locate targets and guide missiles.

The H-6 is one of the Chinese Communists' launch instruments for strategic nuclear weapons, and they are now refitting it with "modernized navigational and bomb-throwing equipment." Another version, called the H-6J, has also been developed for the Naval Air Force. It can carry and launch air-to-ship guided missiles. However, the Chinese Communists do not now have any plans to develop a new generation of heavy bombers.

The Chinese Communists are also in the research and development stage for a new type of training aircraft in order to modernize their old fleet of training aircraft, and to fill the gap between the Nanchang CJ-6 (a piston engine basic training aircraft) and the JJ-5 and JJ-6 (fighter training jets from Shenyang).

Cooperation Project for the L-8

The L-8 is a light single-engine fighter training jet project jointly invested and developed by CATIC, Nanchang Aircraft Manufacturing Company, and the Pakistan Aeronautical Complex. It will be used in the Pakistan Air Force, and will be able to compete with similar aircraft on the international market. However, because the L-8 project is not funded or managed by the Chinese Communists' Ministry of Aerospace Industry, from the very start it has not been designed with the needs of the Chinese Communist Air Force or Naval Air Force in mind. Therefore, the Chinese Communists intend to develop another new training aircraft that is similar to the L-8, but that will offer performance capabilities more in line with Chinese Communist military requirements. By so doing they would supply the missing rung on the ladder of pilot training between the CJ-6 (a propeller-driven basic training aircraft) and the JJ-5 or the JJ-6 (jet engine fighter training aircraft).

The L-8 is equipped with a Garrett TFE731-2A turbofan engine, and its maximum takeoff weight is 4,200 kg. It is thought that the new training aircraft to be developed and manufactured by the Chinese Communists will be larger than the L-8 and will be able to serve simultaneously as a light ground attack aircraft.

Defense Sector Called 'Pillar' of National Strength

90CM0131A Beijing JINGJI RIBAO in Chinese
13 Apr 90 p 3

[Article by Yang Jiawei (2799 09305 0160): "Social Function of National Defense Science, Technology, and Industry"]

[Text] National defense science, technology, and industry, besides their military function, have scientific, technological, and economic functions. The comprehensiveness of these functions shows that national defense science, technology, and industry are one of the important pillars of the nation's total strength. The biggest difference between national defense science, technology, and industry and other industries is precisely their comprehensive reflection in the country's political, economic, and military domains. With regard to the criteria for evaluating national defense science, technology, and industry, we should first look at their political results, second at their military results, and third at their economic results. For example: In 1964 China successfully developed and exploded its first atomic bomb. Even if at that time this bomb had not become a product, had no output value, and also had not been turned into equipment for the troops, its political effect shook the entire world. Even if the large amount of conventional weapons and equipment do not increase the country's financial revenue, the military force that they form effectively defends the country's security. National defense science and technology are an important component part of the country's science and technology. Because military confrontation is ruthless and merciless, its most distinct characteristics are its advanced, competitive, and comprehensive natures. Its advanced nature is concentrated and embodied in its constant breakthroughs into new scientific and technological domains, thereby forming many newly rising branches of learning. Once a newly rising branch of learning appears, it is always bound to constantly spur developments in the domain of other interrelated branches of learning. The most typical case in point is that of the computer. First appearing in the domain of military technology, it led to advances by leaps and bounds in the world's electronic technology. Its application and development in the civilian use aspect also far exceeded the scope of computers for military use.

Again, the artificial satellite first appeared and was used as a military target reconnaissance satellite, and it has now spurred scientific and technological progress in the international domains of radio and television, communication, and education. The comprehensive nature of national defense science and technology is manifested in the fact that the various kinds of weapons and equipment are the integrated entities of advanced science and technology in many domains. Among them, some domains have superiorities within the scope of national defense science, technology, and industry; but there are also domains, in particular the domains of new data, elemental parts, accessory electromechanical equipment, in which national defense science, technology, and industry do not necessarily possess a marked superiority, and they need development and tackling of key technical points by relevant civilian departments. Because the demand is urgent, the state gives its support, and within a short time a breakthrough is made, to the extent that gaps in certain trades can be filled. The value produced by this kind of spurring and promoting effect is caused

precisely by the fact that national defense science, technology, and industry possess a certain social function. This social function is also manifested in their promotion of economic development. In national defense science, technology, and industry there are scientific and technological talents of a high level, and there is equipment suited for use in various processing industries. There are also many research results in advanced science and technology, and also practical experiences in tackling key scientific and technological problems. These conditions determine that national defense science, technology, and industry already possess the conditions for development of civilian products, are an important force for the state's economic construction, and are superior in certain respects.

Practice during recent decades also proves that national defense science, technological, and industry, even if they face many difficulties in developing civilian products, can come up with many products that, amid fierce competition, through their superiority hold their own on the market and show a lot of potential.

Goals, Capabilities of National Defense Industries

90CM0148A Beijing JINGJI CANKAO in Chinese
17 Apr 90 p 4

[Article by Yang Jiawei (2799 0116 0160), Wang Xiaoping (3769 2556 1627), and Wang Luhua (3769 6424 2901): "Several Problems About Maintaining the Momentum of Development of Scientific and Technical National Defense Industries"]

[Text] Following the Third Plenary Session of the 11th party Central Committee, the country's scientific and technical national defense industries put into effect the Central Military Affairs Committee-proposed six-character policy of "military and civilian in combination, peacetime and wartime in combination, priority to military products, and civilians supporting the armed forces" in the active exploration of roads for development of scientific and technical national defense industries in peacetime. More than 10 years of practice has provided ample theories and experiences for our building of a new model for scientific and technical national defense industries under new circumstances. It has also raised a series of questions requiring solution in on-going development, such as how to maintain the development impetus for scientific and technical national defense industries in the process of carrying out the policy of the military and civilians in combination. This is a hot topic right now in urgent need of study for solution. Departments concerned in the central government and armed forces are very much concerned about this question.

Use of Appropriate Competition To Select and Foster Units From Within a Larger Area To Assume National Defense Scientific Research and Production Tasks

The scientific and technical national defense industry concepts and purview that we are following today were

mostly formed during the 1960's. They are divided up on the basis of administrative subordination, but very many changes have occurred in the situation now. Except for those units designated specifically responsible for researching and producing military goods, or completely relieved of national defense research and production tasks, the institutions that formerly devoted themselves exclusively to national defense research and production tasks have developed toward being a combination of military and civilian institutions. Naturally, for a certain period of time, most of these institutions will continue to be found within the original several military ordnance departments. Looked at from the development standpoint, however, with the building of new industries, the building of large national laboratories, the increase in research forces in institutions of higher education, as well as the implementation of contract systems for national defense research, and the introduction of suitable competition mechanisms, those responsible for the mission of national defense research and production will not remain in and be limited to their original military ordnance units. Instead, new bearers of the national defense mission will appear. Therefore, we believe that, in drawing up policies and measures to advance development of scientific and technical national defense industries, the state should not only continue to support those institutions within the former military ordnance units that are able to research and produce military goods, but should also demolish jurisdictional lines between industries to select and foster through appropriate competition and from a larger area those units that are able to carry the mission of national defense research and production. These units should also enjoy benefits prescribed by pertinent regulations and policies, discharge their obligations and responsibilities, and genuinely achieve the use of limited funds to support the more permanent principle bearers of national defense research and production tasks. Not only will this use to the full the dominant forces in the country's research and industrial base as well as reduce national defense expenditures, but it will also help develop the military and civilians in combination for gradual formation of a relatively stable, highly skilled, and rationally structured research and production corps possessed of fairly strong survivability and the ability to respond to emergencies.

Need To Bend Efforts To Solve the Disparity Between National Defense Science and Technology Industry Capabilities and National Strategic Defense Goals

The major contradiction in the country's scientific and technical national defense industries at present is a very great gap between scientific and technical capabilities and national strategic defense goals. In industry, this gap is manifested in capabilities that are at once both seriously inadequate in some areas and greatly in excess in others. In technology (including research, development, and exploitation), it is manifested in the existence at the same time of insufficient high technology and a large amount of duplication at a low level. By a serious shortage of industrial capability is meant the existence of

few kinds of high-technology industries, small scale of production, and low returns. At the same time there are too many backward traditional machine-processing industries that are ill-suited to either production of advanced weaponry or conversion to produce high-technology civilian goods. Therefore, we believe that scientific and technical national defense industries have both a surplus and a shortage of capabilities. Maintenance of the development impetus of scientific and technical national defense industries will require efforts to solve the shortage problem and action against the surplus problem.

Need To Promote National Economic Development and To Help Realize National Security Goals in Drawing Up National Economic Policies

The national security goal is one of two main objectives to be attained by total national power. Realization of this goal rests with national defense industries and the technological foundation; the steady strengthening of this foundation rests primarily on the overall national economic climate. Following the Third Plenary Session of the 11th party Central Committee, China's economy followed a road of reform and opening to the outside world. This was accompanied by the steady appearance of a series of reform measures and policies. These reforms and policies could have an effect on national defense science and technology industries, and some of them could have a very major effect. Therefore, in drawing up policies to promote development of scientific and technical national defense industries, the mutual coordination of policies was necessary. We had to change the longstanding situation of passive acceptance resulting from a lack of research and evaluation in this regard, and closely study the national economic macroclimate in a planned, organized, and long-term way. It was necessary to think about having the capability to forecast and analyze the effect of various economic policies on scientific and technical national defense industries. It was also essential to link, either directly or indirectly, national economic policies and national security goals, thereby enabling scientific and technical national defense industries to strike deep roots in the entire national economy. It was also necessary for industries to be strongly represented in the formulation of national economic policies in order for national economic policies to both promote development of the national economy and help realize national security goals.

Formulation of Incentive Policies To Ensure That Skilled, High-Quality People Serve in National Defense Science and Technology Industries

China's scientific and technical national defense industry corps is facing problems in three areas as follows: A loss of skilled talent, a dislocation of skilled talent, and a lack of successors. The formulation of policy measures to provide continuity in the scientific and technical national defense corps and to improve the quality of personnel has become one of the problems

requiring priority solution to maintain the development impetus of scientific and technical national defense industries. However, both experience and teaching tell us that, because of limitations in many regards, there will be many difficulties in drawing up comprehensive and pervasive protection policies, and their implementation will not be easy. The complexities and dilemmas of this problem make it more difficult than scoring a breakthrough on a single issue. First is the formulation of standards and policies to attract and retain high-quality personnel of outstanding talent in order to attract a body of gifted people to augment the scientific and technical national defense corps, thereby maintaining the continuity of the high-quality talent that is now laboring on the scientific and technical national defense industrial front.

Security of Military Installations Highlighted

90CM0148B Nanchang JIANGXI RIBAO in Chinese
5 Apr 90 p 4

[Article by Jiang Zhuping (5592 4376 1627): "Military and Civilians Link Hands for Joint Protection of Military Installations"]

[Text] The Twelfth Session of the NPC Standing Committee has discussed and passed the "People's Republic of China Military Installations Protection Code" whose advent marks yet another firm step in the building of the country's national defense legal system. This law holds extremely great significance for improving socialist China's defense capabilities, and protecting the interests of the motherland and the people.

China is an actively defended fortified country. The expenditure of huge amounts of resources on military installations is an important indicator of the country's national defense strength, and is also a powerful means of winning and containing warfare. However, some of our cadres and the public have a weak concept of national defense. They think only about economic construction, but show little concern for the security of military installations. As a result, instances in which military installations are taken over and destroyed have occurred repeatedly. In some cases, this has seriously impaired the national defense effectiveness of military installations, and has even developed to the point where it cannot be readily curbed by administrative, economic, and educational methods. The history of the old China, which lacked defenses and was trampled underfoot at will, serves as a bitter experience from which we can learn a lesson. The fact that reactionary Western powers attempt to force us to submit in order to realize their dream of "peaceful evolution" causes our alarm bell to ring long. History's tragedies cannot be repeated. The destruction of our military installations, which have been painstakingly built up over several decades to form a new Great Wall on which we rely, positively cannot be tolerated. Use of the coercive force of the law to protect the security of military installations is an extremely

urgent problem that will brook no delay. The promulgation of this law provides dependable legal support for protecting the security of military installations. It safeguards the peaceful labor of the people; it guarantees smooth implementation of social construction and reform; it is consistent with the popular will; and it enjoys popular support.

Jiangxi is one of the important old revolutionary bases. The people of Jiangxi have a glorious revolutionary tradition of opposing the enemy to protect the country, which has continued to be carried forward during the new historical period. Protection of the security of military installations in Jiangxi has a fine mass basis, and the overall situation is good; nevertheless, a small number of people lack sufficient understanding of the importance of protecting military installations. Their concept of the overall situation is hazy, and incidents of damage to and obstruction of the security of military installations sometimes occurs. The task being faced remains a very daunting one. Although the military installations protection code was promulgated today, this solves only the problem of having a law to rely upon. A large amount of work remains to be done to make sure that the law is relied upon, that the law is rigorously enforced, and that violations of the law will be investigated and dealt with. This will require more arduous toil on our part.

People's governments at all levels must educate the whole people in breadth and in depth in national defense awareness in accordance with provisions of the military installations protection code that says "people's governments at all levels should intensify the education of all the people in national defense to strengthen national defense concepts." They should begin with education in patriotism to inspire people to think about national defense issues, and to stimulate people's sense of concern, sense of participation, and sense of responsibility for the country's honor and security, and their enthusiasm for having a rich and powerful country, thoroughly heightening the consciousness of the broad masses of the armed forces and civilians about protecting national

defense and cherishing military installations. Governments at all levels should lead both military and civilian units concerned in doing a thorough job of publicizing and educating people about the military installations protection code. Study of the law and knowledge of the law are prerequisites for observance and use of the law. The position and role of military installations should be thoroughly publicized to the broad masses of people so that they understand the guiding thought, policy, and necessity underlying the promulgation of this law. The public should be made to understand that what is being maintained through the protection of military installations is not the private property of the garrisoning forces and units in charge, but important state assets, and that the overall interests of the country are closely linked to the stability of the country, and to opposition to subversion, opposition to splittism, and opposition to aggression. They should also understand that this is an important matter "affecting national security and the people's long-term interests." The people should be made to realize their own legal responsibilities to make the protection of military installations a conscious act to be carried out solidly at the grassroots level. All law enforcement units and units in charge of military installations should organize personnel under their jurisdiction to take the lead in studying, understanding, and enforcing the law. They should serve as models in observing the various provisions of this law, and conscientiously discharge their responsibilities in protecting military installations. Under leadership of local governments, they should constantly monitor and inspect in order to solve problems in protecting the security of military installations. They should relate the law to local realities in studying the formulation of specific methods to be used to ensure that the law will be relied upon, that violations of the law will be investigated and punished, and that enforcement of the law will be strict. We firmly believe that only when all levels of the people's government and military organs proceed from the security interests of the country, the military and civilians linking hands for joint protection of military facilities that we rely on like a Great Wall, will the security of our socialist motherland have a reliable support, and the great cause of the four modernizations be smoothly realized.

EAST REGION

Theoretical Study Class on Party Building Ends

SK1705013790 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 15 May 90

[Text] The second party building theoretical study class of the provincial party committee successfully ended on 15 May. Leading comrades of the provincial party committee and the provincial Advisory Commission, including Ma Zhongchen, Ma Zhongcai, Tan Fude, and Liu Peng, attended the closing ceremony. Comrade Tan Fude gave a concluding speech.

This study class lasted for 35 days. Through study and discussion, attendees clarified right and wrong with respect to some major theoretical issues, used the Marxist standpoint of class struggle and class analysis to assess the situation, and clearly understood that the imperialist strategy of peaceful evolution and the unbridled growth of domestic bourgeois liberalization were reactions of class struggle under the new situation. They also fully recognized that in the face of an acute and complicated class struggle, they can be always in an invincible position, able to further strengthen communist conviction, and enhance confidence in doing a good job in party building if they foster a deep sense of urgency and do a good job in party self-cultivation.

The study class also conscientiously summed up experiences and lessons in party building and studied and put forth opinions, suggestions, and measures for strengthening party building.

Zhejiang Organization Department Heads Hold Meeting

OW0105144490 Hangzhou Zhejiang Provincial Service
in Mandarin 1000 GMT 12 Apr 90

[From the "Provincial Hookup" program]

[Text] The provincial meeting of organization department heads was held recently. Participants at the meeting called for party committees and organization and personnel departments at all levels to improve their knowledge, arrive at a common understanding, and, in line with the party Central Committee's directives, evaluate cadres well and strengthen leading groups. (Wang Qichao), Standing Committee member and head of the organization department of the provincial party committee, made a report at the meeting. Ge Hongsheng, deputy secretary of the provincial party committee, made an important speech at the conclusion of the meeting.

The participants at the meeting pointed out: The turmoil and counterrevolutionary rebellion, which occurred last year while spring was turning into summer, and the unexpected change of international events in the past six months have enabled us to clearly understand the importance of guaranteeing that party and state leadership at all levels rests firmly in the hands of those loyal to

Marxism. The party Central Committee calls for evaluating cadres in an all-around and in-depth way and for conscientiously strengthening leading groups. This is of far-reaching significance.

In line with the party Central Committee's and provincial party committee's plan, party committees at all levels in our province have evaluated some cadres within the limit of authority over cadre management and within the scope of evaluation. Participants at the meeting pointed out: It is necessary to continue making efforts and to grasp the task firmly and well, but never to deal with it perfunctorily.

The participants at the meeting pointed out: To strengthen the leading groups, we must continue to select cadres who are more revolutionary, younger in average age, better educated, and more competent, professionally. It is necessary to identify and select qualified personnel according to the criteria of being revolutionary and having both ability and political integrity. At present, we must evaluate cadres by paying special attention to their performance in implementing the party's basic line, upholding the four cardinal principles, following reform and opening up, opposing bourgeois liberalization, working industriously, serving the people wholeheartedly, and maintaining close ties with the masses. As for those who adhere to the viewpoint or position of bourgeois liberalization, abuse power or are delinquent in duty, and are corrupt or take bribes, we must make up our minds to oust them from leading groups. In addition, it is necessary to resolutely promote cadres to leading positions, particularly those cadres who are young and outstanding, who firmly performed in the struggle against turmoil and in quelling counterrevolutionary rebellion, who have both ability and political integrity, and who are supported by the masses. It is particularly necessary to promote fine women cadres to leading posts at all levels. It is necessary to promote members of democratic parties and nonparty persons to leading posts in government and in their departments above the county level.

The participants at the meeting called for all leading groups to strengthen themselves ideologically and in their work style. At present, it is necessary to seriously study and implement the CPC Central Committee's decision on strengthening the party's ties with the masses, constantly go down to grass-roots units and to deep into the realities of life, overcome bureaucratism, take the mass line, be concerned about the weal and woe of the people, and do more practical things for the masses. It is necessary to organize leading cadres to study basic Marxism theory and strive to grasp the Marxist stand, viewpoint, and method, using these to guide one's work and improve one's own world outlook. It is necessary to strictly carry out democratic centralism. It is necessary to hear opinions extensively within and outside of the party and fully discuss them within the leading group whenever an important matter is to be decided. It is necessary to strengthen inner-party democratic life, launch an active ideological struggle, and

strengthen the party's spirit. It is necessary to set up party organizations and to formulate the system of organization and personnel departments, and talk with leading masses so as to strengthen education and supervision over cadres.

The heads of organization departments of all city party committees and relevant officials of all departments under provincial-level organizations, all colleges, institutions and enterprises under provincial authority, and directors of cadres' personnel departments and organization departments attended this meeting

CENTRAL-SOUTH REGION

Statistics on Guangzhou's 1989 Legal Cases

90CM0073B *Guangzhou GUANGZHOU RIBAO*
in Chinese 18 Mar 90 p 1

[Article by Huang Dongsheng (7806 2639 3932): "Crack Down on Criminal Offenses, Administer Severe Punishment for Economic Crimes"]

[Text] Yesterday, Deng Guoji [6772 0948 7535], head of the municipal Intermediate People's Court, and Guo Qi [6753 4388], chief of the municipal People's Procuratorate, when reporting on work to the delegates attending the third session of the ninth municipal People's Congress stated that, last year, Guangzhou resolutely and thoroughly implemented the correct policy of having quick and severe punishment for serious criminal offenses according to law and at the same time sternly cracked down on serious economic criminal activity.

Last year, Guangzhou procuratorial organs handled 5,596 requests for arrests of counterrevolutionary criminals and other criminal offenders that were submitted to it by public security and safety organs. Arrests were approved for 4,993 of these criminals whom it had determined had committed serious offenses, a 28.5-percent increase over 1988, and, of these, public prosecution was brought against 4,305, an increase of 18.5 percent compared to 1988. For the entire year, the municipal law court handled 3,032 criminal cases; this was an 18.6-percent increase over 1988. The municipality wound up 2,969 cases for the year, 17.8 percent more than in 1988. Sentences were given to 4,145 persons, 28.2 percent more than in 1988. Included in these were 235 persons who received sentences of life imprisonment or the death penalty (including death sentences with stays of execution), this represents a 58.8-percent increase over 1988. The number of persons who received prison sentences of more than five years totaled 1,845, or a 39.1-percent increase compared to 1988. These actions supported the public security and other departments in their uncovering and suppression of the counterrevolutionary rebellion and criminal elements who were creating chaos, the stern crackdown on elements engaged in serious criminal activity, and the safeguarding of the stability of Guangzhou's social order.

During 1988, the procuratorial organs in Guangzhou made the fight against corruption and bribery their focal point, vigorously handled major cases, and conscientiously implemented "announcements" from the people's court and People's Procuratorate. There was a large increase in the number of cases handled, the number put on file for investigation and prosecution, cases concluded, and the number prosecuted. A total of 1,238 cases of economic crimes such as graft and bribery were handled; it was decided to put 616 cases and 706 persons on file for investigation and prosecution, a 250-percent increase compared to the 176 cases of 1988. Of the cases put on file to be investigated, 260 were major cases involving more than 10,000 yuan, a 310-percent increase over 1988. Investigation was completed on 573 cases involving 663 persons, a 200-percent increase over 1988. A total of more than 8.46 million in illicit money and stolen goods were returned. During 1989, the law courts of Guangzhou handled 773 cases of economic crimes (including cases of smuggling and those with people engaged in speculation and profiteering), and has already concluded 747 of these cases, representing a 28.8-percent increase compared to 1988. Sentences have been handed out to 963 defendants, of which 55 received life imprisonment or the death penalty (including death sentences with stays of execution), and 428 of the defendants received prison terms of more than five years.

Guangzhou Court Head Clarifies Press-Citizen Rights

90CM0073A *Guangzhou GUANGZHOU RIBAO*
in Chinese 18 Mar 90 p 1

[Article by Huang Dongsheng (7806 2639 3932): "Make a Clear Distinction Between Media Supervision and Character Defamation"]

[Text] Along with the continual strengthening of socialist democracy and the socialist legal system, there has also been a gradual increase in recent years of citizens and legal persons accusing news organizations and reporters of damaging their reputations. Yesterday, reporters made a visit to Deng Guoji [6772 0948 7535], head of the Guangzhou Intermediate People's Court, regarding this question. He stressed that a clear distinction should be made between media supervision and character defamation. We must not make proper media supervision into character defamation, and we must not regard made-up stories, false reports, and articles that resort to wantonly insulting and slandering a person's character as proper criticism. We should support media supervision according to law while also protecting the reputation of citizens in accordance with the law.

As for the question of how to make a correct distinction between media supervision and character defamation, Deng Guoji stated that Article 101 of the "Civil Law General Rules" stipulates that "citizens and legal persons have a right to their reputation, a citizen's character is strictly protected by law, and the use of insults,

slander, and other methods to damage a person's reputation is prohibited." This so-called right to reputation is the overall evaluation people have of the character, prestige, reputation, image, and other aspects of citizens and legal persons. These so-called insults are actions, words, or other means that belittle the character and destroy the reputation of others. So-called slander consists of made-up stories, public belittling of a person's character, and actions that destroy that person's reputation. Slander and insults have three common points: First, both are done intentionally; second, both spread false facts and false stories; and third, both are publicly released to third parties.

Deng Guoji's analysis of several cases tried by the municipal law court involving lawsuits brought against news agencies and reporters shows that there is a clear distinction between media supervision and character defamation. In the actual administration of justice to determine if damage has been done to someone's reputation, there are normally four aspects that are considered: If there are facts that show the person who committed the action damaged the reputation of others; whether the actions were illegal, and in a subjective sense, if any mistakes were made; if there were any adverse results created for the injured party; and if there was any causality between actions that infringe on rights and the aftereffects. Therefore, in judging whether there was damage done to a reputation, we must look at whether or not the information spread by the instigator was factual; we must also look at whether or not the methods used and information spread were of an insulting and slanderous nature. For example, exaggeration, distortion, made-up stories, and the use of verbal or written means to point someone out and publicly spread and reveal their private matters; taking the shortcomings of a person's life or certain mistakes they might have made in work to put the incidental before the fundamental, seize on an incident to exaggerate matters, wantonly lie, and maliciously slander someone causing damage to that person's reputation and creating mental trauma. This type of behavior should be recognized as damaging to one's character, however, we should not set our minds on it all being damaging to the character.

Deng Guoji pointed out that, according to laws and regulations, when the people's court is hearing cases that involve a charge of contempt or slander it must adopt a cautious attitude and strictly differentiate between actions that are criminal and those that are not criminal. The court should strive to distinguish between criticisms with good intentions, including criticisms of leading cadres and workers at all levels, and malicious insults and slander; distinguish between trifling cases of common slanderous statements and cases of serious crimes of slander and libel. The court must issue a correct judgment in line with the principle of seeking truth from facts and in accordance with laws and regulations.

Deng Guoji stressed that news reports must reflect social conditions in a timely manner. Because of the special characteristics inherent in news reporting, we cannot demand that newsmen have every specific fact and be totally accurate in each minor detail when conducting

interviews and making reports. With regard to press commentaries and reports, there will be discrepancies in a certain number of the facts, there will be exaggerations made in some cases, the wording used to represent a viewpoint in some instances will not be appropriate, some questions will not be clearly explained, or the wording used may not be accurate, and some things will not seem logical. As long as the content of reports is basically accurate and editors and reporters have good intentions and do not adopt insulting or slanderous styles, then we will have a proper media. For these reasons, we cannot demand perfection and we should not rashly conclude that these things are damaging to a person's reputation.

Deng Guoji added that the press has exposed and criticized certain people both inside and outside the party and especially state workers holding leadership positions for using their authority for personal gain, engaging in graft and accepting bribes, bending the law for the benefit of relatives and friends, and other corrupt phenomena, illegal activities, and criminal offenses. As for rectifying unhealthy tendencies, it is extremely important that the press overcome this corrupt phenomena and promote building of the cultural and spiritual civilizations. We should actively support and truly ensure correct media criticism and give full play to the role of supervision by the news and mass media. In state judicial organs we must actively support using the news as a medium for developing media supervision.

After stressing support for media supervision, Deng Guoji added that media organs cannot, of course, do just as they please, but they must also be restricted by law. When writing articles that expose or criticize unhealthy phenomena in society, news organizations must deal with actual persons and events, respect objective facts, seek truth from facts to reflect the real situation, and strive to be objective, impartial, accurate, and trustworthy. For these reasons, newsmen must use laws, policies, and professional ethics to standardize their behavior, they must not use "freedom of the press" and "media supervision" as excuses to intentionally exaggerate, distort, fabricate information, make up stories, or use insults and slander to damage the reputation of others.

Lastly, Deng Guoji pointed out, criticism by the media must be done with the correct attitude. Those who are criticized should have an attitude of correcting their mistakes, they should not brook on their mistakes or use untruths in the criticism as an excuse to engage in endless quibbling and to resist supervision by the media.

Guangdong Assigns Jobs to College Graduates

*OW0205112290 Beijing XINHUA in English
0152 GMT 29 Apr 90*

[Text] Guangzhou, April 29 (XINHUA)—The work of assigning jobs to graduates from schools of higher learning this year has been proceeding smoothly in Guangdong Province, South China, according to today's "PEOPLE'S DAILY".

So far, 99.07 percent of the over 29,000 graduates have been given jobs. Of the graduates, 85.93 percent will go to work in cities and counties in the province while 9.44 percent will work in units directly under the provincial government and 3.7 percent in units directly under the central government but stationed in the province.

As a pilot area in the implementation of the open policy, Guangdong needs more and more scientists and technicians for its rapid economic and social development. However, its current proportion of technical personnel to the whole population is only 102 per 10,000, which is smaller than the national average.

Therefore, the provincial government has decided to take in more college graduates to pave the way for the future development of its various industries.

SOUTHWEST REGION

Tibet Advances in Control of High-Altitude Diseases

OW0805084890 Beijing XINHUA in English
0551 GMT 8 May 90

[Text] Lhasa, May 8 (XINHUA)—Cering, a Tibetan woman living in Lhasa who had been bed-ridden for years with a high altitude disease, altitude erythrocytosis, has been cured by the People's Hospital of the Tibet Autonomous Region.

Huang Yingcheng, a regional health bureau official, said curing altitude erythrocytosis is a major advance in the struggle against high altitude diseases here on the roof of the world.

Oxygen deficiency, hypoxia, is the cause of high altitude diseases, including pulmonary edema, altitude coma, stress, altitude erythrocytosis, heart disease and hypertension.

Due to backward medical facilities four decades ago, there was a high mortality for these diseases.

The central government started to send medical workers to assist Tibet in the 1950s, the beginning of control and research of altitude diseases. Major progress began to be made in the 1970s when Tibet had developed a strong force of medical workers and scientists.

A survey by the Tibet Institute of Medical Sciences, set up in 1974, to collect data on the effects of high altitude won a prize at the National Science and Technology Conference in 1978.

Huang said remarkable progress has been made in basic theory, clinical treatment, medicines and new techniques for control of altitude diseases.

The new therapies are so effective that 80 percent of altitude hypoxia cases can now be cured in three days and even patients with complex cases recover in six days. The mortality rate for high altitude pulmonary edema has dropped from more than 20 percent to 0.5 percent,

much lower than the seven percent death rate abroad. No deaths from altitude coma and erythrocytosis have been reported for years. Effective therapies have been developed for treatment of chronic altitude diseases as well.

These advances also have applications in space, diving and military medicine.

The region has compiled and published a series of books in this field, including practical high altitude medicine, surgery and traditional Chinese medicine.

Breakthroughs have also been made in theoretical research. An increase in pulmonary arterial pressure used to be considered normal and desirable in helping patients adapt to high altitude. Research by doctor Chen Weijun showed it was a syndrome which should receive priority treatment. Patients in clinical tests recovered within minutes after treatment.

The discovery has led to better treatment for other high altitude diseases as well.

Researchers in Tibet are cooperating with researchers at hospitals and medical institutes in other parts of China, the United States and Japan.

NORTHEAST REGION

Heilongjiang Press Propaganda Forum Outlines Tasks

SK2604015190 Harbin Heilongjiang Provincial Service
in Mandarin 0900 22 Apr 90

[Text] The provincial forum on press propaganda work, which ended on 22 April, stressed that under the current situation, meticulous efforts should be made in press propaganda work to provide a strong media foundation for maintaining stability and unity, developing the economy, strengthening ties between the party and the masses, and stabilizing the overall situation. Participating in the forum were directors of prefectural and city propaganda departments, editors-in-chief of various kinds of newspapers at various levels, and directors of various radio and television bureaus throughout the province. The participants conscientiously discussed ways to propagandize and implement guidelines in the speeches made by Comrades Jiang Zemin and Li Ruihuan at the press discussion class, to uphold a correct orientation for public opinion and facilitate stability in the overall situation.

Comrades participating in this forum pointed out that press propaganda should definitely and resolutely view the maintenance of stability of the overall situation as the central task above all else. Press propaganda should only help maintain, not disturb, the stability of the overall situation. Comrades in charge of leading work should discuss major events, consider the overall situation, meticulously organize work, and be prudent in taking control. Journalists should be taught that stability

is an overriding task and encouraged to show concern for the overall situation, offer advice and suggestions, and meticulously organize propaganda and press work so that each can fully enact its role as the mouthpiece of the party, government, and people in bringing about stable development in our country's politics, economy, and society.

The participants also warmly discussed the relationship between adherence to propaganda by positive example and supervision by the media, observation of propaganda discipline, improving the coverage of meetings, and strengthening the contingent of journalists.

The forum pointed out that press propaganda should have a firm grasp of events and reflect the overall situation by strictly following the inclination of the CPC Central Committee and the provincial party committee. This year, press propaganda will emphasize education on the party's basic line, starting with education on the current situation and tasks; energetically spread the importance of maintaining stability of the overall situation by regarding it as the overriding task; vigorously propagandize the task of concentrating efforts on boosting the national economy; strengthen propaganda on party building, ideological and political work, maintenance of close ties between the party and the masses, and the building of a spiritual civilization; and strengthen propaganda on democracy and the legal system.

Comrades participating in the forum said: Under the situation in which the party is emphatically regarding stability as an overriding task, it is extremely essential to maintain a positive and stable state of propaganda. By a positive state of propaganda, we mean a situation conducive to stability and unity, economic rectification, in-depth reform, and enhancement of the people's morale; we also mean actively collecting and writing articles and dispatching those news items which should be released. By a stable state of propaganda, we mean prudent action before dispatching news items, and strictly controlling and eliminating those items which are unfavorable to the stability of the overall situation.

Zhou Wenhua, deputy secretary of the provincial party committee, attended the forum, and made a speech. He said: At present, it is particularly important to strengthen the party's leadership over the press. Party committees at all levels must have a firm grasp of press propaganda by actually listing it as an item on their daily agenda, help press units understand the overall situation and guidelines of party committees so that they will be able to prepare propaganda and news reports in light of the overall situation; fully provide staff members for leading press bodies in order to staff media of all kinds with comrades loyal to Marxism; and help press units solve practical problems and give support to their work.

Comrade Qi Guiyuan, Standing Committee member of the provincial party committee and director of the Propaganda Department of the provincial party committee, and leading comrades of the Propaganda Department of the provincial party committee and the provincial Press and Publishing Bureau respectively spoke on the current international and domestic situation and on current propaganda tasks and discipline. Also speaking at the forum were responsible comrades of the provincial Radio and Television Department, HEILONGJIANG RIBAO, and HARBIN RIBAO.

Heilongjiang, Jilin Power Facility Thieves Caught

SK1505020690 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 10 May 90

[Text] A very serious case in which a gang of thieves roamed through Heilongjiang and Jilin Provinces stealing and damaging rural power facilities was recently cracked by Zhaoyuan County. Thirteen criminals, including chief criminals (He Wenjun) and (Sun Jianguo), were caught. The other four members of the gang are being pursued. Investigations revealed that this criminal gang is composed of 17 members, who are peasants from Harbin, Hulun, Zhaoyuan, and Lanxi of Heilongjiang Province and Fuyu of Jilin Province. Since 1988, they have committed more than 50 crimes in the rural areas [words indistinct] of Heilongjiang and Jilin Provinces. They have stolen and damaged 43 rural-use transformers, causing an economic loss of [words indistinct] yuan.

Foreign Workers in Taiwan Pose Problems

90CE0022A Hong Kong LIAOWANG [OUTLOOK]
OVERSEAS EDITION in Chinese No 9, 26 Feb 90
pp 22-23

[Article by I Ping (3015 0393): "Difficult Problem of Taiwan's Foreign Workers"]

[Text] After more than a year of twisting and turning, Taiwan's "Executive Yuan" not long ago finally passed a draft of the "Employment Service Law" and sent it to the "Legislative Yuan" for consideration. After completion of the legislative process, it is being prepared for formal implementation.

The "Employment Service Law" stipulates that a foreigner who does not apply to his employer for a permit cannot work on the island; employing foreigners must not hinder the island people's opportunity for employment, labor conditions, economic development, and social tranquility; and the work time limit for technical personnel is three years, the longest time nontechnical personnel can work is one year, there is a limit of one application for extension, which is not permitted to exceed one year; otherwise, a fine will be imposed to a maximum of NT\$1.5 million. Ch'ao Shou-po [6389 1343 0590], chairman of Taiwan's "Labor Commission," has said that, with regard to foreign workers, the authorities still adopt a policy of prohibition and restriction, and that, after the passage of the "Employment Service Law," there is hope for solving the difficult, longstanding problem of foreign workers on the island.

Taiwan's foreign worker problem cropped up long ago. Over the past 30 years, following the development of industry on the island, there has been a very big change in the state of Taiwan's economy, and the people's standard of living has also improved to a fairly large degree. Particularly after the eighties began, Taiwan's per capita total output value topped in succession \$3,000, \$4,000, \$5,000, and even \$7,000; and there was also a big rise in the ordinary worker's wages. This kind of work income has a very big attraction for workers in the neighboring countries of Southeast Asia, and coming to Taiwan in large numbers to "delve for gold" has become their main cause and goal.

In 1986 Taiwan's economy, after going through a slump in 1985, began to rise again, and the demand for labor grew accordingly. The phenomenon of a shortage of primary workers began to appear and became more serious day by day. According to the statistics of the Taiwan Industrial Council, the insufficient number of workers on the island now are 240,000 in the manufacturing industry and 120,000 in the construction industry. Adding just these two figures gives a shortage of more than 360,000 workers.

What caused the current phenomenon of a serious worker shortage in Taiwan was not just an insufficiency in human resources. Although recently there has been a tendency for Taiwan's total labor supply to fall year by

year, the more fundamental cause is that there has been a loss of balance in the island's supply-demand worker structure. Following the universalization of education and the rise in the desire for higher education, the employment rate of middle school graduates in Taiwan has fallen year by year, causing a reduction in the supply of primary manpower. In 1989 the number of middle school graduates on the island who voluntarily sought employment was only 29,316, a reduction of 26,621 compared to the number in 1981, and more students hope to be able to enter institutions of higher learning to pursue advanced studies. At present in Taiwan every year there are about 90,000 university and college graduates, a third of a year's newly added labor force, and this has formed a contradiction with the market's main demand for primary workers. At the same time, because of the effect of the bad social atmosphere and the changes in the concept of value, people are no longer willing to engage in work that has low remuneration and high labor consumption, but are turning toward industries in which the work environment is fairly good and the income tends to be high. This is why Taiwan's worker shortage is becoming more and more serious.

In the early eighties, in order to meet the demand on Taiwan's labor market, foreign workers began to enter Taiwan, and afterward this became more and more pronounced. Now, the foreign workers entering Taiwan mainly come from the Philippines, Thailand, Malaysia, Indonesia, and other Southeast Asian countries. Their channels of influx, except for a small number of workers who still, in the name of sightseeing, request entry into Taiwan, after which they stay and do not return to their own country, for the most part are a number of travel services, traders, and employment brokers, who do business for the workers and through introductions get employment for them, thereby making a lot of money. Some Taiwan firms that invest in Southeast Asia also, in the name of "legal substitute training," openly request the importation to the island of foreign workers for so-called "technical training," and afterward the workers exceed the time limit and do not return to their own country. According to what was revealed by a person engaged in the tourist industry in the Southeast Asian region, at present every month in Taiwan there is an influx of about 10,000 foreign workers. Taiwan's official statistics say there are about 15,000 foreign workers on the island. But experts analytically point out that the actual figure is more than 10 times higher than the official statistic. However, from a look at the difference in the entry and exit of foreigners, we see that in 1981 it was 5,271 persons, in 1983 it jumped to 18,524 persons, and in 1984 it reached more than 42,000 persons, a grand total in only those years of more than 140,000 persons. Last January, from January to October, there were 8,415 foreign workers who were expelled from Taiwan because they were working there illegally.

That a large number of foreign workers have come to Taiwan to seek work and make a living objectively plays a certain mitigating role in the phenomenon of the

island's worker shortage, and aids the production of some labor-intensive industries. However, following the influx into Taiwan of a large number of foreign workers, at the same time there have been produced a series of economic and social problems.

First of all, it is detrimental to the upgrading and replacement of Taiwan's industries. Although for a short period of time it can mitigate the island's difficult problem of insufficient labor, allowing labor-intensive processing industries, in which primary labor is the main labor force, to survive and develop amid fierce competition, also causes the owners of these enterprises to be content with the status quo and to not think of technological progress and production automation. It then causes delay in upgrading the model changing of the island's industries. Next, enterprises scramble to hire them, because of the advantages of employing foreign workers: low wages, no obligation to provide insurance, and no risk of wage disputes. However, this practice adversely affects the raising of the local workers' wages and the improvement of his work environment and welfare conditions. It creates contradictions among the workers and also causes more strain in labor-capital relations. Again, because the cultural backgrounds of the foreign workers are different, and because of the differences in living habits and the language barrier, a large number of them gather together on the island, particularly in cities, thereby laying in advance a blasting fuse for the explosion of social problems. From first to last Taiwan has not had a perfected management system for the imported foreign workers, and a large number of the illegal-entry foreign workers have for many years been in a "state of anarchy."

The foreign workers who work and live in Taiwan are of no fixed abode, are strangers in a strange land, and bear a fairly heavy psychological burden. It goes without saying that their work is harder and more tiring than that of others. They get less in wages than local workers. If things go on this way, their feelings of dissatisfaction will be expressed. Some people, because they demand that their bosses improve the work treatment and increase the labor remuneration, cause labor-capital conflicts. In March 1988, a Thai factory worker in Taichung killed his boss in a fit of anger because he had been refused a wage hike. Some other persons walk off, leave without saying goodbye, and wander destitute on Taiwan's streets. To survive they do not hesitate to risk danger in desperation, taking the criminal path of stealing, robbery, and even killing people and stealing their goods, dealing a new blow that is difficult to handle to the seriously worsening problem of public order on the

island. The daily increasing severe problem of foreign workers in Taiwan is called a "live volcano" buried deep in the island's society.

The main crimes foreign workers commit in Taiwan are robbery, stealing, and murder. In 1988 a total of 48 foreign workers were found to be criminals and brought to justice. By 1989 the figure had risen to more than 200, showing that the situation had rapidly worsened. Recently it was discovered that underworld gangsters from some Southeast Asian countries have slipped onto the island to commit crimes, causing people anxiety and concern. That on 3 December of last year, K'ung Wei-liang [1313 0251 5328], a Malaysian gangster, was killed on the streets of Taipei by Ch'en Jun-li [3088 3387 0448] and Huang Yu-lung [7806 3768 7893], two members of another Malaysian gang, a sign of the worsening situation. The entry into Taiwan of foreign gangsters has made the problem of foreign workers on the island more complicated.

Because their hands are tied in dealing with the problem of foreign workers, the police, after rounding up foreign workers who had entered the country illegally, in accordance with regulations, must escort them to a collecting post, where they are to remain until deported. But basically this kind of collecting post is unknown. Faced with a large number of rounded-up foreign workers and having no way to hold them at collecting posts, the police can only take the expedient measure of ordering the original employers to take them back while they await deportation. However, the employers would rather be fined than bear the burden of buying airplane tickets for the foreign workers to return to their own country, and the police do not have a budget for buying the airplane tickets. The resulting wrangles and delays make the Taiwan police regard the handling of foreign workers as a "hot potato," and they are unwilling to get deeply involved in it, in order to avoid a situation in which "it is easy to invite a god but difficult to send him away." All of these things cause the foreign worker problem to become more and more serious, forming today's vicious circle.

The appearance of the "Employment Service Law" seems to have provided a legal basis for the solution of Taiwan's foreign worker problem. However, because it is so widespread the problem cannot just be solved by a prohibition on illegal entry and a heavy fine. It not only includes judicial and public security factors, but also includes economic, political, cultural, social, as well as labor remuneration and police administration factors. If the problem is not dealt with well, it will give Taiwan a bigger pounding.

Editorial Accuses KMT of Decay, Scare Tactics

90CM0121A Taipei HSIN HSIN WEN [THE JOURNALIST] in Chinese No 157, 12 Mar 90 pp 10-11

[Editorial: "Should the KMT Apologize Now After Their Recent Power Struggle?"]

[Text] Like the tide that ebbs and flows, the recent power struggle in the Kuomintang [KMT] that has given the people of Taiwan a scare and kept them in a state of suspense, suddenly came to an end with the magnanimous termination of the Chiang dynasty's hold on power, after some shuttle mediation by eight party elders. The "Lin-Chiang team" [team of Lin Yang-kang (2651 3152 3263) and Chiang Wei-kuo (5592 4885 0948)] has dissipated into ashes, for one party cannot have two sets of president and vice president. At this moment of rejoicing by the mediators, we can only feel sorrow for the people of Taiwan, that besides the numerous debts owed us by the KMT, we have been subjected to their threats and scare tactics. In the future, except for some large-scale reforms that the KMT can pursue actively after it has licked its wounds, what other approach can the KMT take to apologize to everybody?

Power Conflict the Sign of Sickness

An ancient Chinese proverb states that "rot from within occurs before maggots grow." A Western saying also says that "a rolling stone gathers no moss." Obviously, this astonishing shift of power within the KMT cannot be explained away by Li Teng-hui's remark that "it is the view of a minority." A great shift in the power balance cannot take place in a healthy system. This shift in power is a silent statement of ironclad fact—the KMT is critically ill of a malignant disease. If this shift in power can be likened to a tumor, the sick host, on which the tumor is parasitical, would be the true cause, and what this sick host needs most would be a thorough diagnosis.

Of course the KMT is seriously ill. Less than two years after Chiang Ching-kuo died, the foundation of his "mutual government" policy has eroded to the point where it has disappeared, exposing coarse remarks and crude actions in a continual playout. This is what is referred to in political science as a "political decay" phenomenon, an indication of withering in the original order's quality. This "political decay" has been growing with no inhibition during the month following the KMT's emergency session of the National Assembly.

The appearance of the "political decay" phenomenon, regardless of any logical reasoning to explain it, cannot be attributed to one or two simple causes. During the last month, when the KMT's "political decay" was worsening by the day, any exploration of its causes would discover it to be a multiple and complex structural problem that included power-holding personalities who had never immersed themselves in thought or deed with democratic principles, so their repeated interactions took on a "manipulative-countermanipulative" model, and a new standard of "mutual and respectful tolerance"

never developed. Similarly, the problem also includes many obstructions in policy channels, advisory agencies becoming increasingly lax, and personnel communication channels becoming increasingly narrowed. All these premises became an arrowhead directed toward an explosive point in power conflicts. A sickened structure had prepared the ground for this tumor-ridden power struggle.

People Worried by Political Decay

As this "political decay" phenomenon continued to deepen during this past month, where it had even gotten to the stage where the people became very worried—following tension in high-level relationships, where both sides had become polarized. So much so, that for the general election of president and vice president, special agents of the State Bureau of Security and Bureau of Investigation began to conduct their surveillance and spying activities in the open. On the other hand, the ugly face of direct military involvement in the power struggle surfaced, with both sides doing their utmost to manipulate the news media, so that all kinds of confusing and inaccurate information emerged.

Many dirty tricks and malicious goings-on will show up in politics, in the absence of someone truly holding the reins of power, while the power struggle between those who have power can commit the power the country has assigned them, into the party struggle.

The appearance of such surveillance and media attacks and defense is typical of the KMT's "ancestral retrogression phenomenon," a power struggle tactic they practiced more than 40 years ago. What we are afraid is that, after all this spying and phone-tapping they have conducted during the power struggle, who will believe them anymore? Especially since they have declared publicly in the past that they do not engage in such activities. If agents of its various factions are daily circulating all kinds of falsehoods, how can people believe the Taiwan media anymore? When a political party that has been using everything to sustain itself in intraparty struggle finds out one day that it has to give up political power as the result of an election, how can it not do all kinds of crazy things? The more we think about this, the more hopeless we feel about the future course of democracy on Taiwan.

This is the betrayal and damage that this power struggle within the KMT has brought us. Because of the way the power struggle was nakedly exposed this time, it seems as though everyone has taken a course in real politics, daring not to raise expectations. But the damage suffered by the people is disappointment—that a self-boasting great political party, tempered over a period of a hundred years, cannot produce a single democratic spark.

Problem Remaining After Crisis

Though charged by the people, the KMT was never able to lead the country on to the road to democracy. It kept repeating the same old logic of several thousand years,

which makes no distinction between the nation and the party, where the military still involves itself in political struggle, and secret police spy on high officials, knowing only political struggle but not democratic compromise.

Not only was this line of ancient logic being repeated in the overall interplay of power politics, it continued even after this crisis had passed. It was not that all sides to the conflict understood their common interests and actively compromised on their own, but it was some party elders (feudal lords in ancient times) who initiated action whereby the Chiang dynasty lent its face (resolving the present problem still done under the old cloak of strongman politics), and a form of "strategic overthrow" strike was used to resolve this crisis. The "boxing techniques" used had no connection whatsoever with democratic discussion. Resolution of the crisis had nothing to do with democratic freedom, and the KMT could not grow and become even greater, because of this drastic shift in power.

The resolution of any crisis must be directed to its true cause. Though personal connections may resolve problems sometimes, the deep-rootedness of this problem still exists. Who knows when this problem will sprout and appear again?

From the very beginning, we have been concerned about the shift of power within the KMT, for once the "main faction" and the counter-main faction "take opposing stands, the problem can only evolve into a long and destructive course for both sides; and dragged into the foray are the common welfare and happiness of all the people on Taiwan. As the result, a dramatic change took place in the final act of this power struggle. It ended, and we all sighed with relief. However, as we recall these past events in detail, we do ask if such a burden should be placed on the innocent people of Taiwan. Don't we have the right to be spared such a burden?

We Refuse To Accept Such Senseless Scares

While we feel relieved that the present crisis has been resolved, we think the KMT should begin to carry the load now. The KMT cannot feel the relief we feel. It should be ashamed of the pressure applied on the people of Taiwan during this power struggle. This is the evil consequence of the KMT never trying to hasten the democratic process, whether internally or externally, and allowing this disastrous effect to land instead on the hearts of the people to give them a scare. Are the people that submissive? If this happens again, the people will rise up in anger, for we refuse to accept such scare tactics!

The crisis has passed. While the people can sleep in peace at night, we do not expect various KMT figures to be able to sleep as peacefully. They should engage in more self-reproach, think about some of the things that worry the people, and make some unselfish planning for democratic freedom. When Li Teng-hui first took office, he had said that government must have "momentum." We are hoping that a plan with "momentum" will emerge. People are happy to be shaken up by politics

with "momentum," but do not want to be subject to senseless scares resulting from power politics being played out.

Editorial Supports Tariff Reduction

90CE0108A Taipei CHING CHI JIH PAO in Chinese
23 Mar 90 p 2

[Editorial: "Glad To Hear Tariff Is Reduced Substantially To Speed Up Liberalization, Internationalization"]

[Text] According to a recent report in our newspaper, the Agricultural Commission of the Executive Yuan has reached an initial agreement with the Ministry of Finance on reducing import tax rates for over 100 items of farm and aquatic products in 1991. This will reduce the itemized tax rate of farm products in Taiwan from 22.02 percent to 19.02 percent. At the same time, the Ministry of Finance has also begun to revise the Import Tariff Regulations for 1990. It has discussed and reached an agreement with the Industrial Bureau of the Ministry of Economic Affairs on including automobiles, textiles, camcorders, and such household electric appliances as refrigerators in the list of major goods for tax reduction during the revision of import tax regulations. Of which, the import tax rate of automobiles will be reduced from the current 40 percent to 30 percent. Breaking traditional protectionist concept like this to reduce tariff by a large margin and to speed up economic liberalization and internationalization is really praiseworthy.

Taiwan's tariff rate has always been on the high side. This has two main purposes—financial and protectionist. Its influence on our economic development is deep and extensive. Only in the past three years was Taiwan forced to reduce its import tax rate several times because international situation had changed and is leaning toward economic liberalization and internationalization. For instance, during the 1989 revision of customs import tax regulations, as many as 4,700 clauses, 61 percent of the tax regulations, were revised. The average margin of reduction was 23 percent. This has not only helped reducing the production cost of import manufacturers and stabilizing prices but also increased the quantity of imports and raised consumer standards. Tariff income still remains the same, thus eliminating the previous misconception that tariff reduction would reduce tax income. The authorities concerned have now agreed to reduce import tax rates for over 100 farm and aquatic products and listed automobiles, textiles, camcorders, and such household electric appliance as refrigerator as major products subjected to further tax reduction in the recent revision of import tax regulations. This is indeed a choice of progress which has not only broken traditional "super-economic protection" but also helped fulfilling and coordinating with economic liberalization and internationalization.

However, in order to achieve the policy objective of protecting domestic farm and aquatic products, the authorities concerned are planning to copy the Japanese

model and adopt the differential and seasonal tariff system. Enforcing this system as part of Taiwan's tariff law not only can eliminate international criticism that Taiwan uses high tariff to protect market but also can achieve the goal of regulating supply and demand through flexible tax rates. This is using "import to readjust domestic supply and demand" which may be able to head off the criticism of high-tariff protection, but in fact flexible tax rates are very hard to handle. The slightest mistake would put us under the label of either "high protection" or "antiprotection." Its effect is really hard to tell. And since the tax rates of the 100-plus farm and aquatic products will not be reduced until next year, the United States probably will criticize us for dragging our feet in tax reduction. Because of this, we hope that we could be selective about the 100-plus farm and aquatic products. If a product has development potential and can stand the competition of foreign goods, it should be properly protected; otherwise, we should speed up the opening of import. And during the period of protection, we should try to facilitate agricultural mechanization, refine products, and substantially reduce tax rates for all farm supplies to lighten peasants' burden. In addition, all farm and aquatic products, both imported and domestically produced and marketed, should rely mainly on the method of direct sale, namely minimizing middleman's exploitation. For instance, under the stipulations of protection measures, importers should not be allowed to keep the staggering profits to themselves. Instead, they should share the profits with peasants and consumers to support and increase peasants' production returns.

Secondly, the reduction of import tax rates for mechanical equipment seems to be insufficient or too slow. In addition to reducing the import tax rate of automobiles from 40 percent to 30 percent, we should also reduce tax rates substantially for other machinery. We have repeatedly pointed out that the industrial protection of the government should be conditional. Protection which is economically irrational and which ignores production cost and economic value is a loss to the national economy as a whole. According to historical lessons, all economies which cannot compete with international economy in equal positions, namely the so-called "economies without standards," cannot have real stability. Therefore, we hope that all industries will rely on their own strength, not be afraid of competition, and not depend on protection. Only by improving the quality of products and marching toward the international market can our economy have a future.

Thirdly, the planned tax reduction also includes textiles, camcorders, and such household electric appliances as refrigerators. This is another important supplementary condition for promoting economic liberalization and internationalization. In the past 30 years, Taiwan's economy has developed rapidly, our national income has been increasing day by day, and general living standards have increased substantially. Things which used to be

considered as luxuries have now become necessities. If the government continued to levy high tariff on textiles and electric appliances and forced its people to pay higher prices to enjoy the benefit of consumption, it would be anti-economic. At the same time, it seems that the government should not and could not decide for the people as to what should be consumed and what not. Instead, it should give the people more choices, which is also an ultimate goal of pursuing economic benefits and improving living quality. Because of this, we completely agree with the move to include textiles and household electric appliances in the major goods subjected to the revision of customs import tax regulations. At the same time, we also hope that the government can further reduce import tax rates to enable the consumer public to enjoy cheaper import goods. This will have a considerable digestive effect on the huge amount of foreign exchange reserves which we now have.

In sum, the era of high tariff has passed. We should face the challenge of international economy and speed up the readjustment of import tax rates. We will not grudge even if we suffer some losses. Only by so doing can we increase the welfare of the whole people and help Taiwan's economy advance toward liberalization and internationalization.

Taiwan's Security Called Important for West

OW0505140790 Taipei CNA in English 1043 GMT
5 May 90

[Text] Los Angeles, May 4 (CNA)—The security of the Republic of China is of enormous importance to the Free World, particularly to the United States, C.Y. Chang, director of the Coordination Council for North American Affairs (CCNAA) Los Angeles office said Friday.

Chang delivered a speech, "Shifting Focus on the Pacific and ROC's Strategic Role in the Region" at a banquet of the conference "In Defense of Freedom: Pacific Security in the 1990s," here. In the speech, he pointed out that the security of the Pacific is of vital importance to the Free World in general and to the United States in particular.

"Taiwan occupies a very important strategic location. It holds a pivotal position between northeast Asia and Southeast Asia.

If Taiwan should fall into unfriendly hands, it would be a disastrous blow to the Free World. It would pose a strategic threat to places such as Guam and other American holdings in the western Pacific. It would push America's defense line in that region all the way back to Hawaii and to the west coast."

To maintain Pacific security, it is of great importance to the United States that its friends and allies in the Pacific rim area should have sustained political stability, because only through political stability can economic development be maintained. On the other hand, countries with constant changes in political power and lack of

economic development are easy targets for communist infiltration and expansion, Chang said.

In the Republic of China on Taiwan, despite the communist threat from across the Taiwan Straits, political development and progress toward democracy, like our economic development, are unrivaled in the developing world." [closing quotemark as received]

The conference, sponsored by the Claremont Institute and the Republic of China's Institute of International Relations, began with a gala dinner at Los Angeles Hyatt Wilshire Hotel this evening.

At the conference, participants will discuss such topics as "America's Changing Pacific Role," "The ROC: A Vital Link in U.S. Strategy," and "The Future U.S. Role in Korea and Japan."

Speakers include Assistant Secretary Stella Guerra of the U.S. Department of Interior, Korean Ambassador to the United States Park Tong-jin, Dr. J.D. Crouch of the U.S. Defense Department, Dr. Chi Su of National Chengchi University, Vice Chairman Ko Tun-hwa of the ROC Society for Strategic Studies, Dr. Martin Lasater of Pennsylvania State University, and James A. Kelly, former senior director of the U.S. National Security Council.

Party Formation Seen Undesirable*90CM0089A Hong Kong TA KUNG PAO in Chinese
21 Mar 90 p 5*

[By Ch'en Yu-shu (7115 3768 2579): "Organizing Political Parties Has More Disadvantages Than Advantages"]

[Text] Having successfully achieved the Basic Law for the Hong Kong Special Administrative Region, the dust has now settled on Hong Kong's future political system. Given this situation, certain zealous political figures, who have for years been discussing the issue of "organizing parties," are now causing a big stir about it. During the ups and down of the tumultuous debate, a great many persons involved in organizations have discovered a large number of hidden perils.

In this article, let us first analyze why certain people are eager to "organize parties." The Joint Declaration issued by China and Britain in 1984 clearly sets forth that, beginning in 1997 when Hong Kong reverts to China, the capitalist system is to be maintained for 50 years without change, and that, on the basis of "one country, two systems," Hong Kong people will govern Hong Kong. This great concept not only is in keeping with the national interests of unifying the country, it also satisfies the political formula demanded by Hong Kong's people for maintaining the status quo. For the next seven years in Hong Kong "the horses will continue to run, people will continue to dance, and stocks will continue to make money." But when sovereignty is transferred and British colonial rule ends, Hong Kong cannot avoid having to deal with replacing its political power. The replacement of political power is likely to cause the organizations that depended on the colonial structure for their authority to be attacked and broken up and to bring about a recomposition of social and political organizations, thus producing a new political force at the 1997 turning point. This is why some people are eager to "organize parties" that both reflect the political demands of the Hong Kong people who administer Hong Kong and embody a trial of strength between the various political forces.

At the same time, the shock of the "4 June" incident has admittedly made Hong Kong people feel uneasy about reverting to the mainland seven years from now. The problem is clearly demonstrated by the large number of people trying to leave Hong Kong. The "4 June" incident enabled some of the Hong Kong mass organizations with differing political programs, social strata, and interests, in their striving for a so-called democratization of the political process, achieving mutual understanding, and forming a new association. Superficially, this new association is similar, but it actually conceals latent contradictions. They are together only temporarily. Each political force will, in order to deal with the mainland and to look after the interests of its own people in Hong Kong, split and reunite with one another.

Some of the mass organizations and people eager to "organize parties" have possibly overlooked the reality of Hong Kong citizens. They think that last year's street demonstrations involving a million Hong Kong people around the time of "4 June" were in support of their work in Hong Kong. They overestimate their own influence. Hong Kong people who have lived a long time in a capitalist moneyed society attach great importance to economic efficiency. Today, they are unlikely to take to the streets and demonstrate again for some factional group or party or for an election without good reason. They will support whoever is capable of governing Hong Kong and whoever is capable of maintaining its prosperity.

The "4 June" incident created an upsurge of fear of communism among Hong Kong people. Some people took advantage of the situation to make preparations for developing political parties and issued slogans calling for resistance and opposition to communism. In a short time they were able to achieve their own objectives by exploiting the Hong Kong people's rational and fundamental urge for freedom. Lacking political, economic, and ideological mechanisms, even Taiwan's Kuomintang, which is many times stronger, is now unwilling to openly defy the Communist Party. Hong Kong, for the next seven years, for the next 57 years, is going to be a "one country, two systems" society. It will accommodate both capitalism and communism. These zealots should be guiding and utilizing the patriotism of Hong Kong citizens to fight for their rights and interests and to increase their confidence. They should not be taking advantage of the contradictions between China and Hong Kong that still cannot be resolved just to pursue individual fame and benefit, to build themselves up as heroes, and to seek political asylum abroad. Misleading people by turning the Chinese Communists into a hostile opponent will be likely to have an opposite effect from that desired.

The Sino-British Joint Declaration that was achieved six years ago was the result of a complicated process of negotiations that the two countries undertook. It is a plan that resolves the issue of Hong Kong's future. CPC General Secretary Jiang Zemin has, on the basis of the Joint Declaration, set forth a policy of not interfering in the other's affairs, thereby vigorously opposing Hong Kong becoming a base for anticommunism or for subverting the central government. Therefore, after intense emotion, indignation, and debate, people of various political persuasions must realistically consider what their own role and position will be before and after Hong Kong reverts to the Chinese mainland and thereby seek out a more distinct and rational future vision and play a positive role while striving to achieve mass support and to become part of the organs wielding power. They must not aggravate social instability and apprehensions to organize political parties and to achieve their own personal purposes. Moreover, whether now or in the future, Hong Kong is only one region. If every mass organization were to develop into a political party, it would not make sense, and they would be mistrusted on all sides.

125 Vietnamese Boat People Repatriated

OW0805202390 Beijing XINHUA in English
1424 GMT 8 May 90

[Text] Hong Kong, May 8 (XINHUA)—A group of 125 Vietnamese boat people today left here for home by air under the voluntary repatriation program of the United Nations High Commissioner for Refugees.

This is the 19th voluntary repatriation group which comprised 43 men, 31 women, 25 boys and 26 girls.

Since last March, a total of 2,090 Vietnamese boat people have been voluntarily repatriated by chartered flights arranged by the United Nations High Commissioner for Refugees.